As of 4 p.m. ET **DJIA** 10328.89 ▲ 0.20% **FTSE 100** 5196.81 ▼ 0.40% **Nikkei 225** 10142.05 ▼ 0.21% **Shanghai Comp.** 3113.89 ▼ 2.05% **Hang Seng** 21175.88 ▼ 0.80% **Sensex** 16719.83 ▼ 1.03% **S&P/ASX 200** 4650.52 ▼ 0.42%

Boeing Japan executive salvages relationships in testing times
MANAGEMENT 12

Rebiya Kadeer: Uighurs have nowhere to flee.
EDITORIAL & OPINION 15

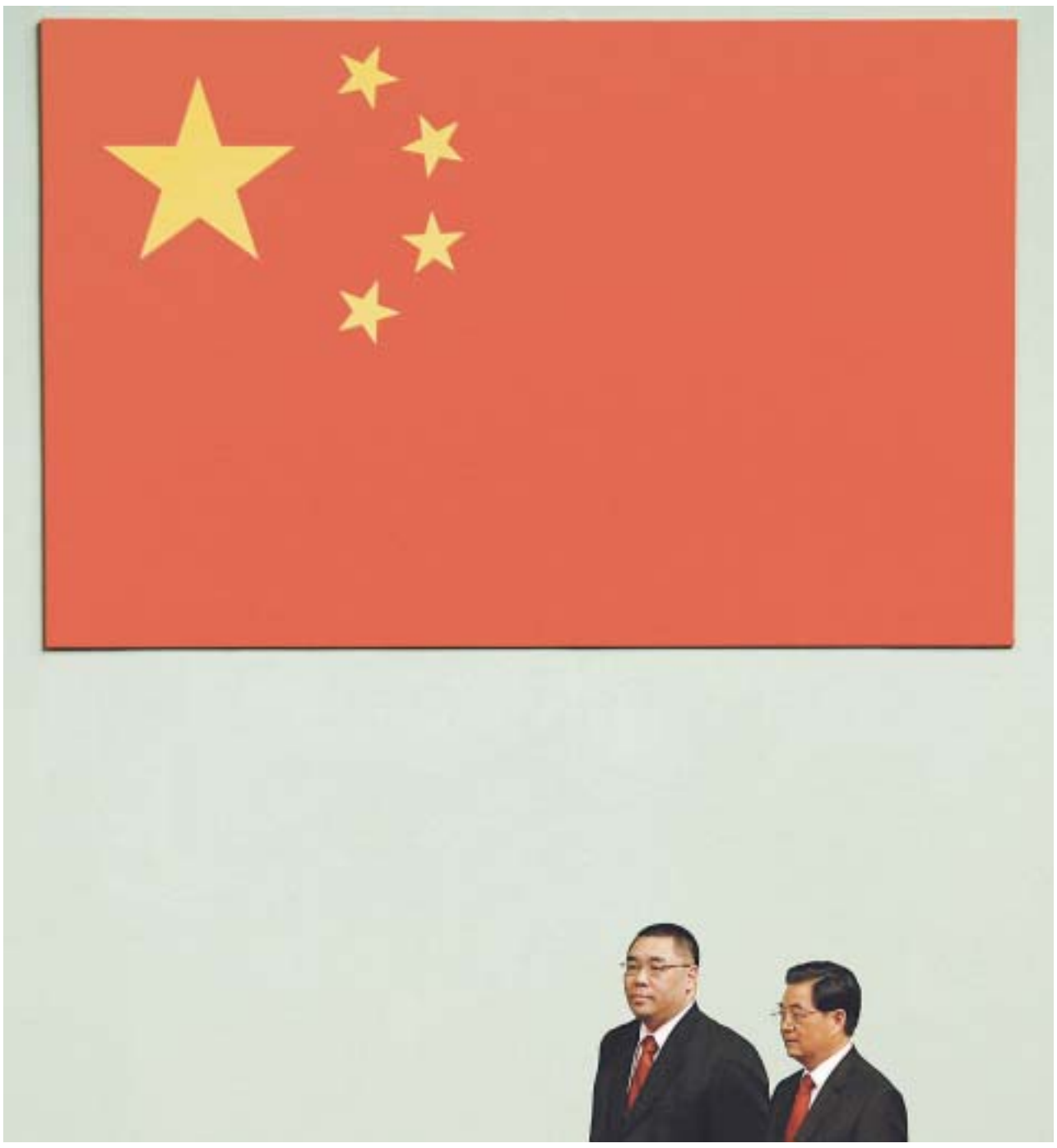
Australia: A$6.00(Incl GST), Brunei: B$5.00, China: RMB25.00, Hong Kong: HK$18.00, India: Rs25.00, Indonesia: Rp18,000(Incl PPN), Japan: Yen500(Incl JCT), Korea: Won2,500, Malaysia: RM6.00, Pakistan: Rs80.00, Philippines: Peso80.00, Singapore: S$4.00(Incl GST), Sri Lanka: Sirs180(Incl VAT), Taiwan: NT$60.00, Thailand: Baht50.00, Vietnam: US$2.50
KKDN PPS 648/11/2010 (028507) KKDN PP 9315/10/2010 (025811) MICA (P) NO. 048/10/2009 SK. MENPEN R.I. NO: 01/SK/MENPEN/SCJJ/1998 TGL 4 SEPT 1998

THE WALL STREET JOURNAL.

VOL. XXXIV NO. 80 (India facsimile VOL. 1 NO. 141) ASIA Monday, December 21, 2009

DOWJONES A NEWS CORPORATION COMPANY asia.WSJ.com

Macau's new leader takes the reins



Reuters

Fernando Chui, left, was sworn in as Macau's leader in a ceremony attended by Chinese President Hu Jintao, right. After the ceremony, about a thousand people marched in the gambling enclave, urging the government to fight corruption and grant more political freedom. **Page 3.**

Seized arms Iran-bound, report says

By Daniel Michaels And Margaret Coker

A plane loaded with weapons from North Korea that was recently impounded in Bangkok was bound for Iran, according to documents obtained by arms-trafficking experts.

The destination of the Ilyushin-76, which Thai authorities have said carried 35 tons of armaments, has been unknown. Thai officials said the plane flew to Pyongyang via Bangkok two weeks ago to collect its cargo, then returned to Bangkok to refuel on Dec. 11. It was seized during that stop and its five crew members were detained by police.

Thai officials say the plane was due to fly next to Sri Lanka, but Sri Lankan officials say they had no knowledge of the flight.

A flight plan for the IL-76, obtained by researchers in the U.S. and Belgium, shows that after Bangkok the plane was due to make refueling stops in Sri Lanka, the United Arab Emirates and Ukraine before unloading its cargo in Tehran. Iranian officials didn't respond to requests for comment.

The flight plan also indicates that en route to Pyongyong the plane stopped at an air force base in Azerbaijan, although the nature of that stop is unclear. Azerbaijani officials couldn't be reached for comment.

The new information is presented in a joint draft report by analysts at Trans-Arms, based in Chicago, and the International Peace Information Service, or IPIS, based in Antwerp, Belgium. Both organizations conduct research on conflicts around the world, including how they are financed and supplied with weapons. A draft copy of the report was provided to The Wall Street Journal.

The report hasn't been independently confirmed.

It remains unclear where the weapons would have gone from Iran. Western governments have accused Iran of supporting militants in Lebanon, the Palestinian territories and Iraq. Thai officials have said the weapons found are unusual in Southeast Asia.

Thai officials say they have received little information from the plane's crew, who come from Kazakhstan

Please turn to page 18

Consumers spend Asia out of a downturn

By Alex Frangos

THE OUTLOOK

HONG KONG—Asia has led the world out of the global economic downturn thanks in part to a welcome burst of consumer consumption. It appears the spending spree will continue into 2010.

Strong government stimulus programs enacted during the depths of the crisis helped spur domestic economic activity across the region. Most of Asia's economies are growing and private consumption has been key. China, India and South Korea are rebounding smartly, a step ahead of the U.S. and Europe.

Now some see consumer spending in Asia picking up support from more than stimulus. Businesses are showing profits. Unemployment rates are falling in most of the region, making households more confident. And unlike the West, consumers have low debt levels and banks are expanding credit rather than shrinking it.

In Hong Kong, queues of mainland Chinese tourists wait on the street to enter luxury retailers such as Louis Vuitton. The number of Asian tourists flocking to Malaysia, Vietnam and Korea has rebounded in recent months. And car sales—albeit helped along by stimulus—have grown sharply.

"Chinese consumers are buying," says Dong Tao, regional Asia economist for Credit Suisse in Hong Kong. "Job prospects are good." Add what he calls "the spice of asset appreciation" in property and stocks, and folks feel richer.

All of that is good news for the world economy, which has relied on Asia to pull the world out of recession. The International Monetary Fund forecasts inflation adjusted growth in developing Asia will be 7.3% in 2010, compared to 3.1% globally. China has accounted for more than half of the world's economic growth the past three years, according to the IMF.

Increased private spending in Asia is a hopeful sign that the export dependent economies here—especially China—are moving down the long road to rebalancing toward more domestically driven growth. That shift has been a major theme of talks among the Group of 20 nations aimed at getting U.S. consumers to save more and Asian consumers to spend more.

Domestic consumption

Please turn to page 18

PAGE TWO

What's News—

* * *

Business & Finance

■ **Japan's central bank said** it won't tolerate falling consumer prices, escalating its rhetoric against deflation amid worries that persistent price drops could derail the nation's fragile economic recovery. The Bank of Japan's policy board left its policy rate unchanged at 0.1%. **5**

■ **GM planned to wind down** Saab. Spyker made a new offer after talks collapsed over the Swedish unit. **20**

■ **China tightened regulations** on land sales in its latest effort to keep the property market from overheating. **19**

■ **Sovereign-wealth fund** China Investment Corp. is taking bigger stakes in companies in developed countries as it tries to simplify the structure of deals. **19**

■ **The $2 billion Hong Kong IPO** of aluminum producer Rusal won approval, but retail investors won't be allowed to take part. **23**

■ **U.S. firms are focusing** more than ever on which investors they want holding their stock, as the IPO market slowly recovers. **23**

■ **Video site Youku.com** raised $40 million in funding, a nod of confidence that the medium will continue to grow in China. **22**

■ **A French court found Google** guilty of copyright infringement for scanning and putting book extracts online without a French publisher's consent. **22**

■ **Telstra warned** that its first-half sales revenue would be lower than a year earlier and cut its full-year guidance. **21**

■ **Cadbury CEO Todd Stitzer said** shareholders agree that Kraft's takeover offer for the chocolate company is too low. **20**

■ **Yields on U.S. Treasury debt** will rise next year if forecasts by big financial firms are correct. **25**

Reuters

Maoist activists protest against Nepalese President Ram Baran Yadav in Katmandu. They clashed with police, forced shops to close and blocked highways across the country on Sunday, the first day of a three-day strike. They accuse the president of acting unconstitutionally after he overturned the previous government's decision to fire the army chief.

■ **The head of Pimco's** derivatives desk, Changhong Zhu, is leaving to help manage China's foreign-exchange reserves. **23**

■ **Bahrain's state-owned** aluminum company accused Japanese commodity-trading firm Sojitz of paying bribes to get discounts on aluminum. **25**

■ **An increase in interest rates** in the U.S. could come sooner than expected as the nation's economy emerges from recession. **26**

■ **The ECB won't bail out** debt-stricken members such as Greece, which must repair public finances on its own, ECB governing council member Ewald Nowotny said.

* * *

World-Wide

■ **Fernando Chui took the reins** of Macau's government with an unusual mandate: to slow growth in China's gambling capital. **3**

■ **Iran's top dissident cleric died** in his sleep, his family said, drawing supporters to the holy city of Qom to pay their respects. **5**

■ **The U.N. climate summit** ended with a fractious debate over a deal brokered by China and the U.S. that has no legal force, and is vague on crucial details. **6**

■ **Lebanese Premier Hariri** ended a visit to Syria, a landmark trip that appeared to help ease tensions between the nations. **7**

■ **Pakistan's courts reopened** corruption cases against some top ministers and aides of President Zardari, in a process that could dismantle the administration. **4**

■ **An adviser to Obama predicted** health-care legislation would pass soon, after U.S. Senate Democrats secured the 60 votes needed to clear a path for quick Senate passage of the measure. **WSJ.com**

■ **U.S. lawmakers called** for filling vacant cybersecurity posts in the wake of revelations Iraqi insurgents learned to intercept video feeds from U.S. drones. **7**

ONLINE TODAY

Most read in Asia

1. Climate Summit Recognizes U.S. Deal
2. How Tiger Protected His Image
3. Iraq Insurgents Hack U.S. Drones
4. Copenhagen's Lesson in Limits
5. The Adam Lambert Problem

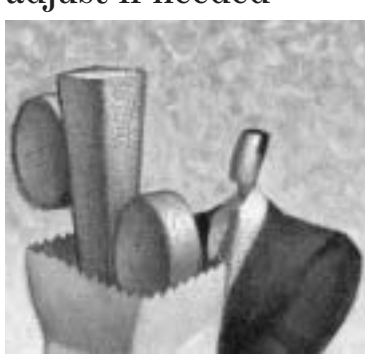
Most emailed in Asia

1. In Love and War
2. A Grand Time for Great Wine Values
3. After Hours: Ho Chi Minh City
4. Global Warming and an Odd Bull Moose
5. Richard S. Lindzen: The Climate Science Isn't Settled

Venture Capital

blogs.wsj.com/venturecapital

Entrepreneurs after funding should be mindful of venture capital firms' current conditions, and adjust if needed



Continuing coverage

Follow the latest news from the Middle East at wsj.com/mideast

New Europe

blogs.wsj.com/new-europe

Who Stole the Auschwitz Sign? Polish police say they have three theories on what happened to the Arbeit macht frei sign above the entrance to the Nazi German concentration camp.

Inside

Business & Finance: This decade's been a bad one for stocks. **19**

World News: Afghan lawmakers criticize cabinet choices. **4**

Markets: Oversupply threatens ethanol-market recovery. **26**

In Depth: An Iranian doctor's death rallies the opposition. **16**

THE WALL STREET JOURNAL ASIA
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel 852-2573 7121 Fax 852-2834 5291
www.wsj-asia.com

SUBSCRIPTIONS and Address Changes, please telephone our local customer service hotline, Hong Kong/Taiwan: 852-2831 2555; Beijing: 86-10 6581 4090; Shanghai: 86-21 5836 8228; Indonesia: 62-21 344 1101; Japan: 81-3 6269-2760; Korea: 82-2 756 1695; Malaysia: 60-3 2026 4061; Philippines: 63-2 848 5873; Singapore: 65-6415 4000; Thailand: 66-2 652 0871. Or email: service@wsj-asia.com

ADVERTISING SALES worldwide through Dow Jones International. Hong Kong: 852-2831 2504; Singapore: 65-6415 4300; Tokyo: 81-3 6269-2701; Frankfurt: 49 69 29725390; London: 44 207 842 9600; Paris: 33 1 40 17 17 01; New York: 1-212 659 2176. Or email: wsja.publisher@dowjones.com

Trademarks appearing herein are used under license from Dow Jones & Company. USPS 337-350ISSN 0377-9920

WORLD NEWS

Macau's new leader set to cool boom

Gambling center is crucial to major casino firms' fortunes; citizens march against corruption and for more freedom

By Jonathan Cheng

MACAU—Fernando Chui, the Oklahoma-educated scion of one of Macau's most powerful families, took the reins of Macau's government Sunday with an unusual mandate: to slow growth in China's booming gambling capital.

Underscoring the significance of the changeover and the territory's 10th anniversary under Chinese rule Sunday, about a thousand people urging the government to fight corruption and grant them more political freedom marched through Macau's streets after Chinese President Hu Jintao attended Mr. Chui's swearing-in, Reuters reported. Macau's democracy movement, however, is far smaller and less vocal than Hong Kong's.

Under Mr. Chui's predecessor as chief executive, Macau enjoyed one of the world's most spectacular booms, a decade-long economic surge unleashed by the deregulation of its casino business and a flood of visitors from mainland China. That has made Macau crucial to the fortunes of the world's biggest casino companies, including **Las Vegas Sands** Corp. and **Wynn Resorts** Ltd.

The transfer of power—the first since China took control of the former Portuguese colony—comes at a critical time. Mr. Chui, the 52-year-old former secretary for social and cultural affairs, is charged with mitigating mounting social issues and pervasive corruption.

"After 10 years, Mr. Chui's job is to stabilize growth," says Larry So, a political commentator and professor of social work at Macau Polytechnic Institute.

If Mr. Chui stumbles, mainland Chinese government officials—already nervous about the threat of instability—could impose tighter measures on the gambling industry. Earlier this year, Beijing put the business under a cloud when it appeared to limit how often mainland visitors could come to the former colony.

> Beijing, worried about social instability, is urging Macau's leaders to embrace steadier growth.

Macau's economy has bounced back from recession, and mainland officials appear to have eased visitor limits. For the first 10 months of the year, Macau's gambling revenue rose 2.3% to about $12.09 billion compared with a year earlier, and in October the industry posted record monthly revenue of $1.59 billion.

Gambling accounts for an estimated three-quarters of government revenue in Macau, which several years ago surpassed the Las Vegas Strip as the world's largest gambling center. At the same time, Beijing's leaders, concerned about social instability and alarmed at the amount of mainland Chinese money that ends up on Macau's baccarat tables, are urging local leaders to embrace slower and steadier growth.

Francis Tam, the territory's top gambling official, said in October the government would look into capping the number of gambling tables in the city, raise the age-entry limit to casinos to 21 years old from 18 and seek avenues for growth other than casinos.

As Macau appears set to rein back, Asian rivals are attempting to replicate its success. Singapore will open two major resort-casinos in 2010, while Taiwan is looking into opening its own casinos.

Despite rising wages, locals have chafed at some of growth's side effects. The city of about 540,000 people has a shortage of affordable housing, and tensions have risen as a number of companies hired construction workers and managers from Hong Kong and mainland China. In 2007, thousands of local workers clashed with police while protesting the influx of foreign labor. Unemployment rose as high as 3.8% this year compared with 2.9% at the height of the boom two years ago.

"We will guarantee the employment of our residents, continuously improve people's lives, enrich their spiritual life, so that the fruits of social and economic development can be shared by all the Macau people, and harmony among different groups and communities can be created," Mr. Chui said in his inauguration speech Sunday, which stressed economic diversification. Attendees included China President Hu Jintao and Stanley Ho, the 88-year-old casino tycoon who was appearing in public for the first time since he fell ill in August.

Corruption continues to plague Macau. In early 2008, a judge sentenced Ao Man-long, the former secretary for transportation and public works, to 27 years of prison on charges of bribe-taking related to kickbacks on construction contracts.

Mr. Chui oversaw construction of one major stadium for the 2005 East Asian Games that became a focus of Mr. Ao's corruption trial. Mr. Chui hasn't been accused of wrongdoing and has said he was unaware of Mr. Ao's conduct.

The Macau-born Mr. Chui earned his bachelor's degree at California State University in Sacramento before getting a master's and doctorate in public health at the University of Oklahoma. He was first elected to Macau's legislature in 1992, and became the territory's first secretary for social and cultural affairs in 1999.

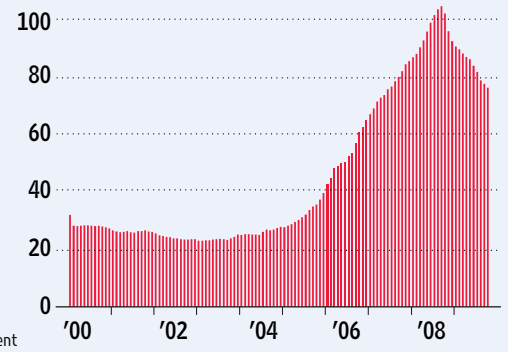
While serving in Macau's cabinet, Mr. Chui handled many of the issues that top the list of priorities for Macanese: health, education, social services and tourism. He was chosen chief executive by a 300-member city committee in a process closely monitored by Beijing. He will take over deep coffers, which the public hopes his government will use for schools, hospitals and courts.

Critics worry about Mr. Chui's early personnel decisions, including not to reappoint Fatima Choi, who until Sunday served as head of Macau's audit commission, and who revealed major cost overruns at this year's East Asian Games. For days after the decision, radio phone-in programs and newspaper editorials were abuzz with support for Ms. Choi, who had become closely associated with efforts to improve accountability in the territory.

A spokeswoman for Ms. Choi said she respected the chief executive's decision, saying she would fulfill her duty as a civil servant as leaders saw fit. The Macau government spokeswoman referred to previous remarks by Mr. Chui in which he pledged that his administration would take aim at corruption. Mr. Chui has also said Macau citizens should judge his administration as a whole and not on the basis of one personnel decision.

Big influx

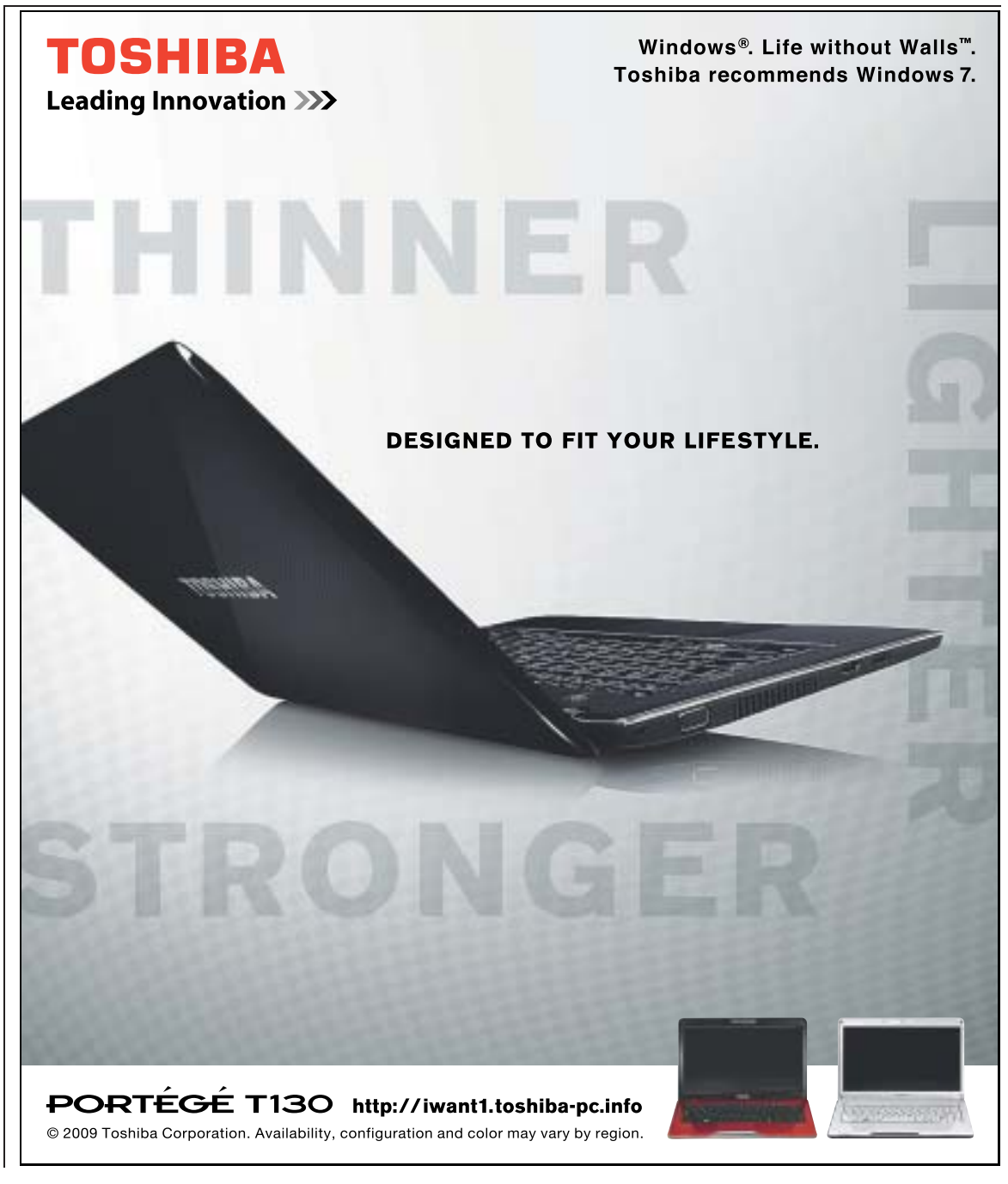
Foreign labor fueled Macau's growth, sparking labor tensions in 2007. Concerns persist today, despite the financial crisis reversing the trend. Non-resident workers in Macau, in thousands:



Source: Statistics and Census Service, Macau SAR Governement

Agence France-Presse/Getty Image

Macau gaming tycoon Stanley Ho, center, attends the swearing-in ceremony of Macau Chief Executive Fernando Chui by Chinese President Hu Jintao on Sunday.



WORLD NEWS: ASIA

Afghan parliament considers cabinet

Some lawmakers say Karzai's lineup, submitted Saturday, isn't reformist enough; the West offers tepid approval

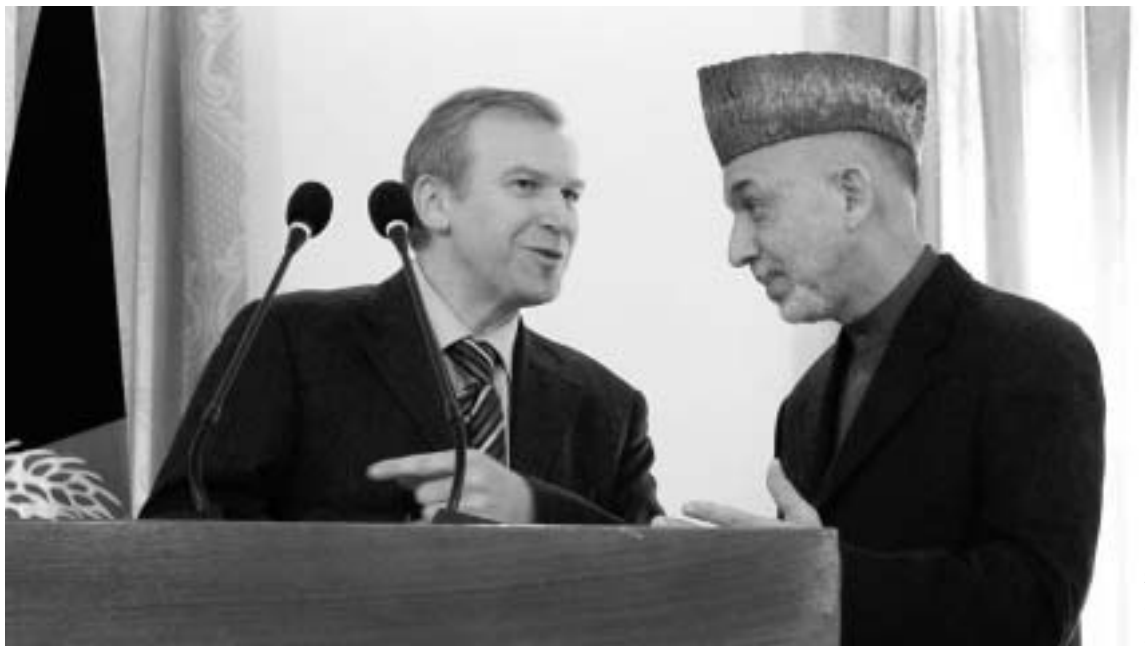
By Anand Gopal

KABUL—Afghanistan's parliament began discussing a new cabinet submitted by President Hamid Karzai, with several lawmakers criticizing as insufficiently reformist the government lineup that has received tepid approval from Western officials.

Mr. Karzai, who has been under intense Western pressure to clean up a graft-ridden government and cut ties to warlords, announced a new cabinet Saturday. He retained key cabinet members backed by Afghanistan's Western partners, such as the ministers of defense, interior, finance, education and health, and removed two ministers accused of fostering corruption.

"We have tried to ensure that the cabinet is a mirror of Afghanistan's people, a cabinet that all Afghan people can see themselves in," Mr. Karzai said Sunday. "I can say with confidence that the new ministers, as well as those from the last cabinet, will be accountable for anything relating to corruption."

The new government, however, retains a prominent former warlord, Ismail Khan, as minister of power and water, and includes new appointees with ties to other former mujahedeen commanders. Another former warlord, Nangarhar province governor Gul Agha Sherzai, was offered by Mr. Karzai the ministry of urban development, but the two couldn't reach an agreement, according to the president's spokesman. The slot remains unfilled in the cabinet list submitted to parliament.



Associated Press

Belgian Prime Minister Yves Leterme, left, speaks with Afghan President Hamid Karzai at a news conference in Kabul Sunday. Mr. Karzai submitted a cabinet lineup to parliament Saturday, one that some lawmakers say is insufficiently reformist.

"Some of the new faces are actually tied to powerful people, while many others are former ministers who don't have a good reputation amongst the people," said Sabrina Saqib, a lawmaker from Kabul province who says she will vote against at least five of the ministers, including Mr. Khan.

Another lawmaker, Gul Badshah Mujedi, a lawmaker from Paktia province, predicted tough confirmation hearings ahead. "You don't see technocrats in the cabinet list. Instead, it is mostly comprised of former jihadis and previous ministers," he said. "Parliament will only approve seven or eight ministers, and the rest will be rejected."

Western officials, whose worst fears of a cabinet dominated by the warlords who helped Mr. Karzai get reelected in August didn't materialize, expressed a more positive reaction.

The U.K. government was "upbeat" about the new cabinet, said British Embassy spokesman Paul Norris. The Canadian Embassy said it was "pleased to see that the list of candidates includes competent individuals." Anders Fogh Rasmussen, secretary general of the North Atlantic Treaty Organization—whose members keep more than 100,000 troops in Afghanistan—said he shares Mr. Karzai's "view that the Afghan people deserve an effective government characterized by integrity and professionalism."

The U.S. took a more neutral stance. "We look forward to the lower house of parliament carrying out their duty to vet and approve candidates who will contribute to Afghanistan's progress towards institutional reform, security and prosperity," said U.S. Embassy spokeswoman Caitlin Hayden.

It is unclear when parliament will vote on the new cabinet. Moreover, it is also uncertain whether Mr. Karzai will abide by any parliamentary move to block any of his ministerial appointments. For instance, parliament voted to dismiss foreign minister Rangin Dadfar Spanta in a no-confidence vote in 2007, but Mr. Spanta ignored the move and continues to serve to this day. His name wasn't on the list submitted on Saturday.

According to Mr. Karzai's spokesman, Waheed Omar, Mr. Spanta will remain in his current position until after the London international conference on Afghanistan late next month.

Courts revive Pakistan officials' corruption cases

By Zahid Hussain

ISLAMABAD — Pakistan's courts have reopened corruption cases against some top ministers and aides of President Asif Ali Zardari, in a rapidly escalating legal process that is on track to potentially dismantle the Zardari administration.

The moves taken on Friday were the result of a Supreme Court ruling Wednesday striking down an amnesty that had shielded many politicians, including Mr. Zardari and his ministers of interior and defense, from past graft charges.

The Supreme Court is expected this month to hear a petition arguing that Mr. Zardari wasn't legitimately elected because the amnesty that shielded him during the vote has now been deemed unconstitutional. The court will at the same time consider whether Mr. Zardari should continue to be protected by a separate presidential immunity. The court has already ordered the reopening of more than 10 corruption and criminal cases against the president.

Mr. Zardari rejected demands by the opposition that he step down. "We will face the challenge with courage," Mr. Zardari told his supporters, according to his spokesman.

Pakistan's top anticorruption agency said 247 people who had cases against them withdrawn under the amnesty are now prohibited from leaving the country, as cases against them are reopened.

The list included Defense Minister Ahmed Mukhtar, Interior Minister Rehman Malik and Salman Farooqi, the principal secretary to the president.

Agence France-Presse/Getty Images

Interior Minister Rehman Malik, left, and Defense Minister Ahmed Mukhtar have been barred from leaving Pakistan after a court ruling.

Authorities blocked Mr. Mukhtar and his wife from boarding a flight Thursday night to Beijing, where he was going to accept delivery of a new warship.

Mr. Malik was a longtime ally of Mr. Zardari's late wife, former Prime Minister Benazir Bhutto. The U.S.-backed amnesty deal in 2007 with then-President Pervez Musharraf allowed Mrs. Bhutto—with her husband and other allies, including Mr. Malik, who had fled the country in 1997 to avoid prosecution—to return to Pakistan for national elections. Mrs. Bhutto was assassinated two months later.

Mr. Malik has been ordered to appear before an anticorruption court in Karachi next month, his lawyer said. Mr. Malik has denied wrongdoing.

The courts could reopen cases against as many 8,000 people, largely bureaucrats, who were shielded by the amnesty deal. That figure includes 35 political leaders, mostly from Mr. Zardari's Pakistan Peoples Party, and political activists from a smaller party in the coalition government.

On Saturday, after a meeting of the PPP, party secretary-general Jahangir Badar announced that no cabinet minister affected by the withdrawal of the amnesty will resign.

The reopening of the cases threatens to destabilize Pakistan at a time when the U.S. needs it to be able to focus on fighting the Taliban to complement the U.S. troop surge across the border in Afghanistan. Pakistan's politically powerful military is the key U.S. ally in this effort, but the U.S. needs some political stability in Pakistan to get the most out of the alliance.

On Friday, a suicide bombing in the northwestern district of Dir—recently cleared of Taliban control—killed at least 12 people outside a mosque where senior local government officials were offering prayers, the police said.

Meanwhile, a U.S. drone fired three missiles at a suspected militant hideout in neighboring North Waziristan killing at least three people, a Pakistani security official said. It was the third such attack in the region within 24 hours.

While Mr. Zardari's administration is under threat, the parliamentary government, under his party's vice chairman, Prime Minister Yousuf Raza Gilani, is relatively stable. The Pakistan Peoples Party retains broad popular support and the largest number of seats in parliament.

Wednesday's decision by the 17-member Supreme Court bench represented a victory of sorts for Chief Justice Iftikhar Muhammad Chaudhry. Mr. Chaudhry was suspended in 2007 by Gen. Musharraf, who faced an impending court decision whether his presidency was constitutional. Mr. Zardari, after his own election in September 2008, sought to keep Mr. Chaudhry off the court. A popular uprising led by lawyers and joined by political opponents of Mr. Zardari forced the president to allow the reinstatement of Mr. Chaudhry and other ousted justices.

The judiciary has wide public support in prosecuting alleged crimes of the elite. The chief justice said he will personally oversee the court system to make sure cases that were shelved by the amnesty deal are properly prosecuted.

Mr. Chaudhry also directed the government to tell Switzerland to reinstate charges against Mr. Zardari that were suspended at the time of the deal. The Swiss government said it can reopen the trial only if the charges are revived first in Pakistan.

Cases filed against Mr. Zardari and dropped under the amnesty included charges that he received money to allow a monopoly on gold imports, took kickbacks in awarding government contracts, and held assets "beyond his means," totaling $1.5 billion. He also faced three murder charges.

Mr. Zardari, through a spokesman, has denied wrongdoing and said the charges against him were fabricated by his political opponents.

Whether Mr. Zardari remains in office or is forced out, the crisis is expected to result in a diminished presidency. Gen. Musharraf, as president and army chief, claimed presidential powers including the authority to dismiss the Parliament and the right to appoint military chiefs. Mr. Zardari has been under political pressure to return those powers to the prime minister—and make the president a figurehead post.

BOJ takes hard line against falling prices

By Megumi Fujikawa And Tomoyuki Tachikawa

TOKYO—Japan's central bank said it won't tolerate falling consumer prices, escalating its rhetoric against deflation amid worries that persistent price drops could derail the nation's fragile economic recovery.

The Bank of Japan's policy board left its policy rate unchanged at 0.1% Friday, as expected, while it studies the effects of a measure announced this month to try to lift demand by offering as much as 10 trillion yen ($111.2 billion) in short-term funds to the market.

The policy board also said in its statement that it decided to "further disseminate" the BOJ's thinking on price stability, and made it clear that the board won't tolerate year-on-year falls in the consumer-price index.

"The bank recognizes that it is a critical challenge for Japan's economy to overcome deflation and return to a sustainable growth path with price stability," it said.

The BOJ's announcement comes as the central bank is feeling more political pressure to take further steps to fight deflation, with some government officials saying the BOJ could do more for the economy.

Deflation hurts private demand by making consumers hold off on purchases in the hopes of even cheaper prices, and by increasing the real debt burdens of companies, forcing them to focus on paying off loans rather than making new investments. Some analysts say deflation could cause the economy to shrink early next year.

The bank didn't make clear what further measures it might take if prices fall more. BOJ Gov. Masaaki Shirakawa said its rejection of deflation doesn't mean the bank is promising to hold off from raising rates until inflation returns to Japan.

He told a news conference that letting markets know what sort of inflation rates the BOJ desires could have "a certain level of impact" on interest-rate moves in the bond and money markets.

Analysts say the BOJ might take steps to pump more funds into the market ahead of the Japanese fiscal year end of March 31, if the economic outlook becomes shaky and the yen strengthens—something that would weigh on exports.

Japan's core consumer-price index, which excludes volatile food prices, fell 2.2% in October from October 2008, the eighth straight month of falls. The government and the BOJ have both said Japan is in mild deflation.

The bank won't make a policy decision based only on price developments, but will watch various risk factors such as moves in asset prices and credit risk levels in financial markets, Mr. Shirakawa said.

Meanwhile, the BOJ maintained its economic assessment for December, saying the nation's economy is "picking up" thanks to various policy measures undertaken at home and abroad.

Eiji Dohke, a strategist at UBS Securities, said the BOJ isn't likely to ease policy further in the near term, despite its declaration on deflation Friday, and that the comments may be more of a response to government pressure to do more to stop price falls.

—Takashi Mochizuki and Andrew Monahan contributed to this article.

Mumbai defendant recants his confession

By Arlene Chang And Eric Bellman

MUMBAI—The Pakistani man captured during last year's terrorist attacks retracted his confession Friday, saying he had been framed and tortured.

Mohammed Ajmal Kasab told a special court in Mumbai that he arrived in the city well before the attacks, intending to pursue an acting career.

Twenty days before the November 2008 strikes, Mr. Kasab said, he was picked up by police while looking for a hotel and thrown in jail because he is from Pakistan. He said it was only during the attacks that he was brought out to take the blame because he resembled one of the gunmen photographed attacking commuters at a rail station with an AK-47. He said he then was tortured and forced to sign a confession.

"I have never seen an AK-47 in my life," the 21-year-old told the court. "I saw it only when the police produced it."

When the trial began early this year, Mr. Kasab pleaded not guilty and then in July told the court he was guilty.

Mr. Kasab is allegedly the only survivor among 10 suspected gunmen in the attacks, which killed more than 160 people. The charges against Mr. Kasab include murder and waging war against India. If convicted, he could face the death penalty.

Mr. Kasab was captured during the 60-hour siege of India's financial capital that began Nov. 26, 2008. Police say he admitted during multiple interrogations that he was one of 10 gunmen trained in Pakistan who traveled together by sea to carry out the terrorist mission. The assailants shot and killed people at two Mumbai luxury hotel complexes as well as the Chhatrapati Shivaji Terminus train station, a Jewish center, a hospital and a restaurant.

Police denied that Mr. Kasab was framed or tortured. They said they arrested him in a shootout near Mumbai's Chowpatty Beach. His image has been captured on a surveillance camera at the train station, where he and an accomplice allegedly opened fire with automatic rifles and threw hand grenades, killing commuters.

The public prosecutor in the trial, Ujjwal Nikam, said Mr. Kasab's claims wouldn't change the outcome of the trial. "He is talking rubbish," Mr. Nikam said. "His statements today are not going to affect our case in anyway."

Mr. Kasab's lawyer couldn't be reached Friday to comment.

Iran cleric mourned

By Farnaz Fassihi

Associated Press

Grand Ayatollah Hossein Ali Montazeri, once the heir apparent to lead Iran and later a feared dissident, died on Sunday at age 87. This photo was taken in 2008.

BEIRUT—Iran's top dissident cleric, Grand Ayatollah Hossein Ali Montazeri, 87 years old, died in his sleep on Saturday night, his family said, drawing supporters to the holy city of Qom on Sunday to pay their respects.

The impromptu mourning—with reformist supporters reportedly streaming in from Tehran and elsewhere—threatens to set the stage for another confrontation between opposition protesters and government forces. Antiregime demonstrators have used government-sanctioned holidays and Islamic holy days to rally publicly against President Mahmoud Ahmadinejad, who won contested presidential elections in June.

Spontaneous protests erupted across several cities in Iran and at university campuses, according to videos circulating on the Internet Sunday afternoon. In one clip from Najaf-Adad, Mr. Montezeri's home town, crowds chanted, "Our green Montazeri, congratulations on your freedom," and "Montazeri, your path will continue."

In another video, students marched at Elmo Sanaat University in Tehran holding pictures of the cleric and chanting, "It's a day of mourning in Iran, the Green People of Iran are in mourning."

Opposition Web sites reported Iranian authorities had stepped up security in and around Qom.

The death comes at a crucial moment in this year's antigovernment protests, the biggest since the Iranian revolution more than 30 years ago. In recent months, demonstrations have turned from protests against the handling of the election to renunciations of the Islamic regime itself, and of its current Supreme Leader Ayatollah Ali Khamenei.

The death also comes a day after Iranian military prosecutors issued charges against 12 prison officials implicated in the death by torture of at least three people arrested and detained during protests this summer. The ruling, reversing months of denials by the government over abuse allegations, could provide a measure of moral vindication to the protest movement. That could further galvanize protesters at a time when the government itself appears split over how to end the unrest.

Mr. Montazeri, frail in recent years, was once in line to succeed Ayatollah Ruhollah Khomeini, the founder of the Islamic Republic, as supreme leader. But he and Mr. Khomeini had a falling out in the late 1980s.

Mr. Montazeri then gained a large spiritual following because of his advocacy of reform inside the Islamic Republic and his calls for more democracy in Iran. Over the past six months, his role became more prominent, dovetailing with demands by protesters who rallied against what they saw as a stolen election.

WORLD NEWS

Stormy sessions, frustrating results

Copenhagen climate summit produces an agreement that lacks legal force and generated widespread unhappiness

By Jeffrey Ball

COPENHAGEN—The United Nations summit on climate change ended Saturday with a fractious all-night debate over an agreement brokered by China and the U.S. that has no legal force, and is vague on crucial details.

The fundamental disagreements over the appropriate response to climate change among the U.S., China, Europe and a divided group of developing nations led to a near total breakdown of talks during the two-week summit attended by representatives of nearly 200 nations. The non-binding final statement, produced in a flurry of last-minute bargaining led by U.S. President Barack Obama and Chinese Premier Wen Jiabao, received a tepid endorsement Saturday morning after hours of angry exchanges among frustrated, hungry and tired diplomats, many of whom complained that the final agreement was made without their participation.

The statement said countries would "enhance our long-term cooperative action to combat climate change," but it didn't obligate any country to meet a specific emission-reduction target.

The Copenhagen Accord did produce a pledge by rich countries to send billions of dollars to the developing world to help it cope with the effects of climate change and to implement lower-carbon technologies. Industrialized countries said they would provide a pot of money "approaching" $30 billion over the next three years and to "commit to a goal of mobilizing" $100 billion annually by 2020.

Yet amid the global recession, no one offered details on where that money might come from. Some analysts who have followed international climate talks for years said the $30 billion pledged appeared mainly to restate previous offers from rich countries. As for the $100 billion a year by 2020, U.S. officials said the vast majority of it would come from the private sector, in particular through the buying and selling of "carbon credits," and not from government coffers.

Reuters

A delegate sleeps during a break in an all-night meeting in Copenhagen on Saturday.

Negotiators sought to put the best face possible on what they dubbed the Copenhagen Accord, calling it a first step that they hoped to follow up with a more-detailed, and more-enforceable, international climate pact sometime over the next year. But given that negotiators left Copenhagen as divided as ever over how a tougher agreement might affect each of their countries' economic competitiveness, they said they couldn't predict how the process might unfold.

Copenhagen's messy process and vague outcome led many to question whether a U.N. process will ever produce an agreement to seriously slash greenhouse-gas emissions. The process's guarantee that all nations will have a say led the talks to bog down for more than 10 days of procedural wrangling and mutual distrust before their heads of government swooped in late last week and hammered out the 2½-page statement of resolve.

The U.N. climate process will tumble now into a series of future meetings. U.N. Secretary General Ban ki-Moon and many other negotiators said Saturday they hoped to hash out the specifics by the next big annual U.N. climate summit, scheduled for late next year in Mexico.

"Ideally speaking, we should have a legally binding treaty," said Mr. Ban, noting that he had slept two hours in two days and hadn't eaten a meal since Friday lunch. "This kind of negotiation process is very complex."

For industries that would be affected by binding limits on carbon-dioxide emissions—steelmakers, power generators, oil companies and chemical manufacturers among many—the non-binding Copenhagen Accord failed to provide the regulatory certainty that could unleash private investment in lower-carbon technologies, from more-efficient coal-fired power-plant machinery to electric cars to solar panels.

"Business is seeking predictability to help plan its future global investments," Laurent Corbier, chairman of the International Chamber of Commerce's energy-and-environment commission, said in a statement over the weekend.

Because the Copenhagen statement isn't binding, it needn't form the basis of any future negotiations.

"It's not a treaty," one Chinese negotiator reminded his colleagues as the official session was winding up Saturday, following agreement on the Copenhagen Accord. "It's not going to be signed or agreed to."

Mr. Ban noted that the pact gives countries until Jan. 31 to voluntarily list, in an annex to the accord, voluntary pledges to curb their emissions. Major economies—including the U.S., China, the European Union and Brazil—made such pledges in the lead-up to Copenhagen. Those pledges fall short of the severe cuts that many scientists, and some governments, have said are necessary by midcentury to avoid potentially dangerous consequences from climate change.

Vague pact leaves businesses up in the air

By Guy Chazan

The agreement achieved at the Copenhagen climate summit leaves business leaders around the world close to where they began, facing uncertainty about how environmental policy will affect their costs and decisions about investments.

Companies around the world had hoped the United Nations-sponsored talks would bring clarity on the new rules of the game in a new low-carbon world. They have had to think again.

"It's very frustrating at this stage that we haven't got a more-comprehensive agreement," said Richard Gledhill, head of carbon markets at PricewaterhouseCoopers.

Much of the business elite in rich countries has already resigned itself to tighter restrictions on greenhouse gases. Companies in energy-intensive industries are already mapping out plans to drive down their emissions. Utility executives in the U.S. have been pouring money into lower-carbon technologies.

A legally binding treaty on emission cuts would have created a level playing field for clean energy, allowing it to compete on an equal footing with fossil fuels. No such deal emerged from the summit.

"If we'd had bankable emissions reduction targets for 2020, it would have given a stronger price signal for carbon," said Joan McNaughto·n, senior vice president, power and environment policies, at Alstom Power SA, an engineering company which is a leader in clean coal. "That would have kick-started a lot of the needed investment in clean technology."

Steen Riisgaard, chief executive of Novozymes, a Danish biotech company, says he has the technology ready for second-generation biofuels. "But the deployment of that technology will not happen as fast as it would have had if there had been binding targets at Copenhagen," he said.

Advocates of cap-and-trade—which lies at the heart of climate legislation now stuck in the U.S. Senate—dream of a global network of emissions-trading systems that could one day link up. In their view that would give industry what it needs to make decisions about long-term investments—a robust and stable price of carbon. But Copenhagen has set back those hopes.

Carbon trading is in its infancy. Europe's Emissions Trading Scheme is the world's largest market. If the U.S., the world's second-largest emitter after China, sets up its own system, that could help boost the global carbon market to $1.9 trillion by 2020, says New Carbon Finance, a London-based research firm.

But regulatory uncertainty in sectors like power generation has driven down the carbon price on Europe market, and it had its biggest fall in six months on Thursday—nearly 5%—and stayed at that level Friday. And now it is falling even lower. EU Allowances for December 2010, The benchmark contract fell 70 cents per tonne of CO_2 Thursday, settling at €13.66 ($19.60). They stayed at the same level Friday. It was the biggest fall in six months.

"We were hoping that a deal in Copenhagen would open up new opportunities for emssions trading," said Patrick Birley, head of the European Climate Exchange, one of Europe's main carbon marketplaces. That expectation has now faded, he says.

Some analysts think Copenhagen's results could still stimulate carbon trading. Friday's deal "has somewhat of a market-stabilizing element," said Ben Feldman, an executive director in J.P. Morgan Chase & Co.'s environmental markets group. He said it indicates a commitment to the concept of emission reductions.

In recent months, utilities, oil and gas companies in North America have become more active in carbon offsets, even on a voluntary basis. In the third quarter, U.S. carbon-trading volume increased 8% from the second quarter in spite of falling prices, New Carbon Finance says.

"Even with Copenhagen not really coming up with any major, ground-breaking decisions, everyone realizes that some sort of climate action is coming, and they are trying to learn the market," said Anthony D'Agostino, director of emissions markets at Royal Bank of Canada.

In the clean-technology industry, executives said they weren't counting on a deal at Copenhagen. They said companies have been making investments in low-carbon technologies on their own, driven by factors like the rising cost of traditional power and increased subsidies for alternative energy at the state and local level.

With or without a strong Copenhagen agreement, many U.S. states will continue to shift toward lower-carbon fuels, said Michael Peevey, president of the California Public Utilities Commission.

"California will continue on the path it's on, regardless," Mr. Peevey said.

—Liam Pleven, Rebecca Smith and Jim Carlton contributed to this article.

Drone gap stirs calls to fill U.S. post

Vacant cybersecurity jobs take focus after militants intercept key military intelligence with inexpensive software

U.S. lawmakers called on the White House to quickly fill vacant cybersecurity posts in the wake of revelations that Iraqi insurgents have learned to intercept video feeds from unmanned American military drones.

*By **Siobhan Gorman, Yochi Dreazen** and **August Cole***

Lawmakers also expressed frustration that no action was taken until this year, even though the vulnerability of the video feeds had been known since the 1990s. The news was reported Thursday by The Wall Street Journal.

"It outrages me that this vulnerability was known since the 1990s, and they never fixed the problem," said Rep. James Langevin, a Rhode Island Democrat and a member of the intelligence and armed services committees. "It makes them look like a bunch of Keystone Kops. Who else had access to these video feeds?"

Rep. Langevin said he would press for answers when Congress returns in the New Year: "They're going to get both barrels when I return to D.C."

Revelations that militants intercepted key military intelligence using inexpensive software available on the Internet dogged the top U.S. military officer Friday as he traveled to Iraq.

Getty Images

The U.S. National Cybersecurity and Communications Integration Center officially opened in Arlington, Va. this year.

Adm. Mike Mullen, the chairman of the Joint Chiefs of Staff, confirmed that insurgents in Iraq had intercepted Predator drone feeds. He told reporters the breach hadn't caused significant military damage, and the signals have since been secured. He gave no further details.

The news cast a spotlight on the vacancy for a cyberchief at the White House, a position announced by President Barack Obama six months ago.

"That revelation obviously raises great concern about the state of our security," said Rep. Michael McCaul, a Texas Republican who co-chaired a cybersecurity commission with Rep. Langevin. "It's time for action" on the White House cybersecurity post, he said.

The administration has considered dozens of candidates and been "turned down innumerable times," said James Lewis, a cybersecurity specialist who advises the administration.

"The president is personally committed to finding the right person for the cybersecurity coordinator job; a rigorous selection process is well under way," said White House spokesman Nick Shapiro.

Without a central figure in the White House to set priorities, the administration could miss security gaps like the unprotected drone videos, said J.R. Reagan, who heads the cybersecurity practice at Deloitte Consulting. "It underscores why it's so important that we get this position filled."

A White House chief would be responsible for ensuring cybersecurity competes with priorities like health care and the economy, said Billy O'Brien, a cybersecurity aide in the Bush White House.

The top contenders are Franklin Kramer, a former assistant defense secretary in the administration of President Bill Clinton, and Howard Schmidt, a former top security officer at eBay Inc.

While the White House search continues, the Pentagon's new Cyber Command has gotten off the ground slower than expected because of congressional uncertainty about its scope and mission.

The Pentagon had said the entity—designed to gather all the military's cyber defense and cyber offense programs under a single rubric—would be operational by October.

Nearly three months later, the command doesn't yet have a chief. Lt. Gen. Keith Alexander, the current head of the National Security Agency, has been tapped to run the command, but his nomination has been held up on Capitol Hill.

Hariri moves to ease tensions with Syria

Lebanon's premier ended a two-day visit to Damascus on Sunday, a landmark trip that appeared to help ease political tensions between Prime Minister Saad Hariri, whose father's assassination many blame on Syria, and Syrian officials.

*By **Nada Raad** in Beirut and **Chip Cummins** in Dubai*

The visit comes more than a month after Mr. Hariri reached a political compromise to form a new government with his country's opposition, led by Hezbollah, the Shiite political and militant group backed by Iran and Syria.

Syrian President Bashar Assad greeted Mr. Hariri warmly at the presidential palace at the start of the visit, announced by Mr. Hariri's office just hours before he left Beirut on Saturday. The two men then met alone for three hours.

Syria's official news agency quoted Mr. Assad's presidential adviser saying the two leaders' exchange was "honest, positive and friendly." They dined together that night and met a final time on Sunday. At a news conference at the Lebanese embassy in Damascus, Mr. Hariri said he expected improved economic and trade ties with Syria after the trip.

Damascus has strongly denied any complicity in the 2005 attack that killed Mr. Hariri's father, former Prime Minister Rafik Hariri. Syria was forced to end its military occupation of Lebanon after a popular outpouring of anti-Syria sentiment following Mr. Hariri's death.

A United Nations-backed tribunal has been set up to investigate the attack and prosecute those accused. So far, the tribunal hasn't charged anyone. Mr. Hariri stressed the visit wasn't personal but made in his capacity as prime minister of Lebanon.

He said the two leaders didn't discuss the tribunal during the trip. But, Mr. Hariri said, "President Assad had agreed the issue now was in the hands of the international community. We all want to learn the truth."

The younger Mr. Hariri took up leadership of his father's political movement, one closely aligned with Saudi Arabia and supported by the U.S. and several Western powers. In June parliamentary elections, he successfully beat back a political challenge from a slate of opposition candidates led by Hezbollah.

Tensions between Damascus and Mr. Hariri, and his Saudi and Western backers, have been easing for more than a year. Mr. Assad backed a peace deal between political factions in Beirut that ended a violent uprising by Hezbollah in May 2008. Shortly after, he entered into indirect peace talks with Israel, though they ended unsuccessfully.

As for Mr. Hariri, 39 years old, it was always uncertain how far he would be willing to go to try to patch up differences with Mr. Assad, considering the allegation against Syria related to his father's death.

Mr. Hariri's visit could be a way of thanking Damascus for its support of the new government, said Nawaf Kabbara, a political-science professor at Balamand University in Beirut.

Economic pain is leaving scars on Americans' spirit

[Capital Journal]

By Gerald F. Seib

The lingering economic crisis hasn't just cost America trillions of dollars in lost wealth. It's also taking a heavy toll on the national psyche, leaving scars that may take years to heal.

This psychic damage has serious political implications, to be sure. It helps explain the souring attitudes toward President Barack Obama and the Democratic party now in charge, has produced a kind of national funk that spells trouble for incumbents of all stripes, and is a principal reason for the rising support for the kind of insurrection represented by the "tea party" movement.

But ultimately the impact transcends politics. Look inside the latest Wall Street Journal/ NBC News poll and you will see the damage done to the traditional American spirit of optimism. The findings pose a deeper question: What effect does economic calamity have on a nation's soul?

At a minimum, the results suggest that, as an exceptionally difficult year draws to a close, the glimmers of recovery that can be seen at a macroeconomic level aren't fully filtering down to the grassroots of American life:

■ After Americans began expressing more optimism midyear that the country was again headed in the right direction, that sense of optimism now appears to be fading. In the new poll, just 33% of those surveyed said America was headed in the right direction, down from 42% in June. A majority said the country was "off on the wrong track."

■ Despite the slowing of job losses and a stock-market recovery, just 46% said they thought 2010 would be better for the country than this year has been.

■ More than four in 10 Americans said they considered it extremely likely that they would lose a job, have wages and bonuses cut, or be forced into a lower-paying job in the next year. (A third said one of those things already has happened.) A quarter of Americans fear a double-whammy, expecting to simultaneously lose income while also having to assume the burden of housing or financially aiding other family members.

A real recovery in 2010 would, of course, produce happier results than these Americans foresee. Yet even that might not be enough to heal what appear to be deeper scars.

Two in three said they weren't confident that life for their children's generation will be better than it has been for theirs. Almost the same share of Americans said the country is in a state of decline.

A stunning 39% said they expected China would be the world's leading nation in 20 years—compared with 37% who said the U.S. would be the leader.

Peter Hart, a Democratic pollster who conducted the Journal/NBC News survey along with Republican Bill McInturff, asked simply: "Where has all the optimism gone?"

Jay Campbell, a pollster for Mr. Hart, gives a partial answer: "It's hard to have optimism when you can't even pay your bills."

One of the striking things about these blows to national optimism is that they aren't hitting just lower-income Americans, who traditionally feel the brunt of pain during a deep economic downturn. The seeds of doubt also are seen among those at the top of the employment ladder.

Professionals and managers were almost exactly as likely as blue-collar workers to say they weren't confident life for the next generation would be better, and they were just as likely to say the country was in a state of decline. Two in 10 professionals said they were dissatisfied with their job security.

And with good reason, for the current economic fall—driven by declines in financial markets and housing values—has struck hard precisely at those in the upper middle class who once had reason to think they might be immune to swings in the economy.

One is Susan Streck-Moss, a marketing professional from New Canaan, Conn. She worked in television marketing for years, and then in corporate brand marketing. She suffered a serious back injury a few years ago, and subsequently tried to re-enter her profession in 2007—precisely, it's now clear, as the deep recession was beginning.

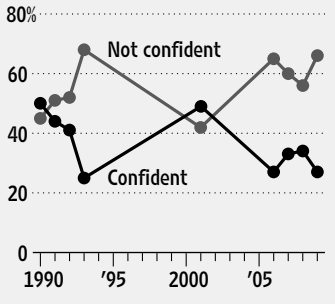
"I had great hope," she said. "I've never not gotten a job. I've never been turned down for a job. Suddenly, I thought I was in the acting business. It was constant rejection." She's been unable to find regular work since, and has joined networking groups where she meets others in the same predicament— professionals who have taken two and three mortgages on their homes waiting in vain for their luck to break.

At age 52, Ms. Streck-Moss said she lost her house and feared losing her apartment. "That's the new America," she said. "It's these people who have always had good jobs and raised their kids and sent them to college and done all the right things. Suddenly we find ourselves overwhelmed." Her summary: "It's a nightmare."

For the economy, the nightmare may well be ending. Whether a recovery rekindles the spirit of American optimism is a different question entirely.

Eroding confidence

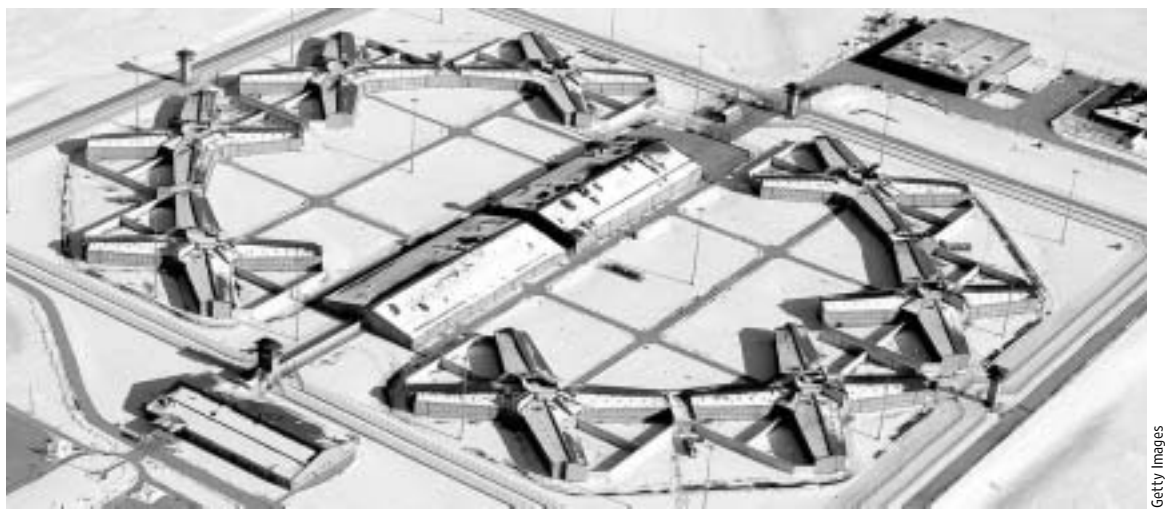
'Do you feel confident that life for our children's generation will be better than it has been for us?'



Source: WSJ/NBC News telephone polls of American adults conducted from 1990-2009

Associated Press

Rick McGinnis, above right, hopes business will pick up at his Thomson, Ill., tavern if the federal government acquires the Thomson Correction Center, below, to house some terror suspects now held at Guantanamo Bay. President Obama announced plans this week to buy the prison.



Getty Images

Town welcomes detainees

Thomson, Ill., expects Guantanamo prisoners to give economy a lift

By Joe Barrett

The prospect of housing Guantanamo detainees on U.S. soil gives some Americans pause. But most folks in Thomson, Ill., welcome anyone to fill the $128 million maximum-security prison that has stood near empty there for eight years.

"We're hoping this is an actual Christmas present and not an illusion," said Luanne Bruckner, a former village council member and motel owner.

President Barack Obama announced plans last week to buy the state-built Thomson Correctional Center and fill it with federal prisoners, as well as about 100 detainees.

There is some nervousness about the plan, but most people are eager for the 3,000 jobs the facility would bring to an area where unemployment is about 11%.

The town has had its hopes crushed before—by a string of dismal state budgets, a powerful union's resistance to closing other state prisons and untimely corruption cases against two governors who championed the prison.

"We've had a long line of governors who promised" the funds needed to open the prison, Ms. Bruckner said, and then quipped: "Frankly, we had a place for them right here in Thomson, at the correctional center."

The prison was conceived in the mid-1990s, when the Illinois inmate population was exploding. The state housed more than 38,000 prisoners as of June 1996 and it estimated the prison population would grow to 83,000 by 2009. Instead, inmate growth slowed, and the state now has about 45,000 prisoners, according to the Illinois Department of Corrections.

Construction of the 1,800-bed, state-of-the-art prison on about 58 hectares provided an economic lift for Thomson in 2000 and 2001. The village of 550 people had long been suffering a population drain as factories, a rail yard and a nearby Army depot closed down.

But business dried up in January 2002 when a state budget crunch forced then-Gov. George Ryan to pull the plug on the nearly $50 million-a-year allowance to operate the prison.

Ms. Bruckner and her husband, Lawrence, both in their late 50s, had opened a 40-room motel in 2000. After two good years, they had a deal to sell it in 2002. The sale tanked after the governor's announcement.

The Bruckners ran the hotel for six years, scraping by with 60% occupancy in the summer and 20% in the winter, "if we were lucky," she said. After selling a portion of the property and leasing another, Ms. Bruckner said the couple ended up losing about $400,000.

Hope the state would authorize funding to open the prison dimmed after Mr. Ryan became mired in a corruption probe. He was indicted in 2003 and began serving a 6½-year term in federal prison in 2007.

The empty facility still costs the state money for security, maintenance and utilities. Illinois also had to pay hundreds of thousands of dollars a year for a sewage- and water-treatment plant the village built to handle the expected surge from the prison, said Arthur Donart, who was chairman of the village council's water and sewer committee at the time.

In 2004, Mr. Ryan's successor, former Gov. Rod Blagojevich, floated a plan to close two other prisons, Stateville and Plymouth, in a bid to save $7.6 million in operating costs. The maximum-security prisoners would go to Thomson. A compromise later spared the two prisons.

In 2006, Mr. Blagojevich spent about $7 million to open a portion of Thomson to house about 200 minimum-security prisoners. Two years later, Mr. Blagojevich again proposed closing Stateville. Local politicians objected to the loss of prison jobs.

The American Federation of State County and Municipal Employees, which represents about 13,000 Illinois prison workers, argued that Thomson should be used to relieve overcrowding, rather than as a replacement for existing facilities.

Anders Lindall, a spokesman for the federation in Illinois, said the state system is overcrowded—housing 45,000 prisoners in facilities built for 32,000. He said Illinois shouldn't be thinking about offloading Thomson to the federal government without a plan to house its own prisoners.

Risk matters...

If you think there is more to risk management than diversification,

If you think VaR limits are not enough to protect against downside risk,

If you think that the promise of mean reversion in the long term is not an excuse for short term inertia,

Then EDHEC-Risk Institute offers you a qualification that corresponds to your core beliefs.

Executive MSc Risk & Investment Management

Singapore - London - Nice

Designed for experienced professionals and formatted to be compatible with executive schedules, the Executive MSc in Risk & Investment Management is the perfect choice for those who wish to embrace and lead change.

Further information: **melanie.ruiz@edhec-risk.com** or **+33 493 187 819**
www.edhec-risk.com

EDHEC Business School is accredited by:

EFMD EQUIS ACCREDITED · Accredited by Association of MBAs

EDHEC-RISK Institute

WORLD NEWS

IN BRIEF

Cambodia deports Uighurs despite U.S., U.N. protests

PHNOM PENH, Cambodia—Cambodia deported a group of 20 Muslim asylum-seekers back to China, despite protests from the U.S. and the United Nations, which rushed people to the airport in an attempt to physically prevent their expulsion.

As the Uighurs were put in a compound under constant guard in recent days, exile and rights groups grew increasingly nervous that Cambodia would give in to pressure from China, which is Cambodia's largest foreign investor. The decision to expel them was announced on the eve of a visit from Chinese Vice President Xi Jinping.

Amnesty International said the Uighurs could be tortured on their return to China.

The Uighurs, including two children, fled after ethnic rioting in July and slipped out of the country with help from a missionary network in China. Their role in the rioting, China's worst communal violence in decades, remains unclear.

Cambodia said it was deporting the Uighurs because they had entered the country illegally.

Ma's opponents protest China envoy's Taiwan visit

TAICHUNG, Taiwan—Tens of thousands of opposition demonstrators marched through Taichung on Sunday, ahead of the arrival of a senior Chinese envoy for trade talks that some on the island fear could eventually lead to unification.

The demonstrators chanted pro-independence slogans and waved anti-China banners to protest the visit of Beijing's's top Taiwan negotiator, Chen Yunlin.

Mr. Chen is scheduled to arrive in Taichung on Monday for five days of talks and to sign four new commercial accords with Taiwan officials, adding to the 10 already done.

Buoyed by a strong showing in local elections this month, the Democratic Progressive Party sponsored Sunday's demonstration to show its opposition to President Ma Ying-jeou's signature policy of tightening economic links with Beijing.

Street demonstrations involving tens of thousands aren't uncommon in Taiwan's boisterous democracy.

—Compiled from staff and wire service reports.

Philippines volcano could erupt within days

Associated Press

Scientists raised the alert level for the Mayon volcano after 453 earthquakes were detected in a five-hour span on Sunday. Above, relatives eat in a temporary shelter in a school in Bacacay township, about 500 kilometers southeast of Manila.

Masterpieces aren't crafted overnight. Nine generations of technical mastery and standard-setting design have gone into making what the all new E-Class is today. An embodiment of innovation. Features such as ATTENTION ASSIST, PARKTRONIC and Adaptive Highbeam Assist are truly cutting edge. The new E-Class. An inspired choice. **www.mercedes-benz.com**

Clients matter...

If you think financial engineering should address client needs rather than showcase technical sophistication,

If you think the role of financial models should be to ensure that clients' genuine risk preferences are respected,

If you think investors' objectives and liabilities should command equal respect whatever the clientele - institutional, private, or retail,

Then we ought to talk.

Executive MSc Risk & Investment Management

Singapore - London - Nice

Designed for experienced professionals and formatted to be compatible with executive schedules, the Executive MSc in Risk & Investment Management is the perfect choice for those who wish to embrace and lead change.

Further information: **melanie.ruiz@edhec-risk.com** or **+33 493 187 819**
www.edhec-risk.com

EDHEC-RISK Institute

EFMD EQUIS · Accredited by Association of MBAs

Nicole Piasecki, the president of Boeing Japan, says the company has learned more about collaborative design through working with its partners on the 787 Dreamliner.

Agence France-Presse

Executive salvages relationships

Boeing Japan president improves communication with customers as delayed Dreamliner project strains business ties

The day after last week's successful first flight of **Boeing** Co.'s long-delayed 787 Dreamliner, The Wall Street Journal's Mariko Sanchanta sat down with Nicole Piasecki, the president of Boeing Japan and vice president of Boeing International. Boeing has had a strong hold on the Japanese market for 50 years owing to longstanding relationships with **Japan Airlines** Corp., **All Nippon Airways** Co. and the Japanese government. But the past three years have been far from rosy for Mrs. Piasecki, a rare example of a high-ranking female executive in the aviation and defense industry and in Japan. She discussed how she has helped manage relations between Boeing and ANA, the launch customer for the 787. She also discusses how Boeing has improved communication with its three Japanese industrial partners—**Kawasaki Heavy Industries** Ltd., **Mitsubishi Heavy Industries** Ltd. and **Fuji Heavy Industries** Ltd.—which are building 35% of the 787 in an unprecedented work-sharing program.

WSJ: It's been a difficult three years for Boeing in Japan. How have you tried to improve your relationships with customers and also your workflow with your Japanese partners?

Mrs. Piasecki: We really disappointed our customers. For me as a leader, I had to be open and honest and forthright about where we are. I needed to communicate even more aggressively. The past three years have been tough for our partners. We are developing closer bonds—it's like climbing a mountain together. We have to maintain the trust that we have built up over our five decades here.

Ultimately we are confident with our business model here. We have been disciplined about capturing our lessons learned, and we have made changes along the way. We were not used to a collaborative design process, and now we have a more robust understanding of the roles and responsibilities involved.

WSJ: What sorts of tangible changes did you make to help improve communication and efficiency with your Japanese partners in the 787 project?

Mrs. Piasecki: The process of approving engineering changes in Seattle took longer than our expectations in Nagoya [the Japanese city where its three partners are building the parts]. We were asking Seattle to make changes but approval of these changes was not fast. Now, we have started having weekly chief engineering meetings across the world. We also put in a Boeing 787 engineer in Nagoya who is the facilitator and point person. We weren't fast enough—we needed more resources and quality resources. We needed to simplify the system, and we're constantly improving on it.

We have disappointed [ANA] and we have negatively impacted their business plans. At the same time, global air traffic has slowed and some customers have looked at different options, such as postponing orders.

WSJ: You're a rare example of a female leader in Japan and in the defense world. Has your gender been an issue in male-dominated Japan? What would enable more women to enter the work force in Japan, where high-profile female executives are few and far between?

Mrs. Piasecki: I haven't seen it to be a problem. Everyone has been receptive to me, and it comes down to the fact that they trust me as a person. I'm a Boeing executive first and foremost, and they learn to trust me.

The barriers to more women entering the work force here are child care and the support system. Without that you cannot facilitate women who want to be in the workplace. I do see some women leaders who are emerging—it's important to have other role models. Also, males have to advocate for women.

The Power List

The top business leaders making headlines last week in select global and regional media. Powered by Dow Jones Factiva and edited for relevance and clarity.

TAKESHI UCHIYAMADA

Executive Vice President
Toyota Motor

The executive unveiled the Japanese auto maker's plans to sell plug-in hybrid cars globally in about two years, amping up the industry race for green vehicles.

CAMERON CLYNE

Chief Executive
National Australia Bank

Mr. Clyne said NAB's surprise $11.9 billion bid for AXA SA's Asia-Pacific unit would boost its wealth-management business, which would become No. 1 in Australia under the proposed deal.

GEESUNG CHOI

Chief Executive
Samsung Electronics

The electronics giant's former TV chief was named to the top administrative post as it tries to strike a balance between investor openness and family control.

AKHIL GUPTA

Deputy Group Chief Executive,
Managing Director Bharti Enterprises

Mr. Gupta said the parent of India's Bharti Airtel Ltd., which is looking for new growth sources, is interested in expansion in Bangladesh and other markets in the regions.

XU HEYI

Chairman
Beijing Automotive Industry

The Chinese auto maker secured a deal to buy assets from General Motors' Saab unit, which could boost its efforts to establish a global presence.

Photos: Agence France-Presse/Getty Images (Uchiyamada); Bloomberg News (Clyne; Gupta; Xu); Samsung (Choi)

Compiled by Carlos Tejada/ The Wall Street Journal

Guantanamo North, and East

President Obama's scramble to close Guantanamo is picking up speed as his arbitrary one-year deadline approaches, with Yemen and Illinois as the latest detainee destinations. Neither decision will enhance U.S. security.

The government of Yemen announced Friday that it will take six detainees, and more could follow if this transfer goes smoothly. Yemenis account for 97 of the 210 men still left at Gitmo, and 34 have been cleared for release. The problem is that Yemen is emerging as one of the world's sanctuaries for al Qaeda, and its government has essentially run a nonaggression pact with the terrorists.

The U.S. says it will closely monitor the transfer, but once the detainees are in Yemen their treatment will be impossible to control. Several former Gitmo detainees from other countries have moved to Yemen to rejoin the global jihad, and one of them, Said Ali al-Shihri, turned up in a January video as al Qaeda's No. 2 man on the Arabian peninsula. Adding to al-Shirhi's potential recruitment pool seems a high price to pay for the alleged "global good will" for closing Guantanamo.

Meanwhile, another 100 or so prisoners will be transferred to a correctional facility near Thomson, in southern Illinois, which will be retrofitted on the taxpayer dime to federal "supermax" standards. The winters will be colder, but the detainees might not mind because they will also gain access to the protections of the U.S. justice system.

> Al Qaeda detainees move to Illinois and Yemen.

In the wake of the Supreme Court's 2008 decision in *Boumediene v. Bush*, which gave Gitmo detainees the ability to bring habeas corpus claims, the feds have been losing a large percentage of habeas cases. Detainees that win their habeas petitions can no longer legally be held as enemy combatants, and the Administration is obliged to send them to their home country, or some other willing destination, assuming the detainee doesn't mind. In cases where no one wants them or they fear return, such as the Uighurs to China, the detainees can at least still be held at Gitmo while the search is on.

In the event of a habeas defeat in Illinois, however, detainees who win their habeas claims might well end up being released here in the U.S. Under the 1988 Convention against Torture, a detainee can't be returned to his home country if he can make a case that he'd be tortured there. If no country will take him, or the detainee doesn't want to go on torture grounds, then he can no longer be held here in the U.S. and will have to be released.

The Administration insists these non-U.S. citizens won't be allowed to walk American streets, presumably because it would use immigration law to hold them. But that's hardly a legal certainty. Under its 1999 decision in *Zadvydas v. Davis,* the Supreme Court ruled the government couldn't indefinitely detain an alien who was set for removal from the U.S.

Although the Court was careful in *Zadvydas* to note that the law was not tailored to terrorism-related cases that may warrant special consideration, the Supremes did make clear that a law allowing indefinite detention "would raise serious constitutional concerns." The detainees will also have a small army of fancy lawyers dedicated to challenging their detention and prison treatment.

As for the politics, earlier this year Congress barred spending any money on transferring Gitmo prisoners to the U.S. Congress could lift that rider and appropriate the money, but we can't see too many Democrats being thrilled at taking that kind of vote. California Senator Dianne Feinstein couldn't back away quickly enough from the suggestion of using Alcatraz as the destination prison, and Mr. Obama got no warmer reception from Democrat Michael Bennet about a possible lock-up in Colorado.

Savor the irony. Mr. Obama says he had to close Guantanamo because it offended American values and was a recruiting tool for terrorists. Yet like Dick Cheney, Mr. Obama is now defending indefinite detention and even military tribunals for some of the detainees who will relocate to Thomson. We doubt al Qaeda will stop denouncing the U.S. merely because its comrades have moved to a state-side supermax. This is what happens when a new President rushes to fulfill a reckless campaign promise without a plan, or even much apparent thought.

Macau Grows Up

Festivities and a fireworks bonanza marked the 10th anniversary of Macau's reunion with the motherland on Sunday, along with an inaugural ceremony for new Chief Executive Fernando Chui. But on the same weekend, hundreds of Macau's citizens marched in the streets, calling for democracy and an end to government corruption.

It's a fitting juxtaposition to mark a decade of Chinese rule that has seen a great economic boom fueled by the growth of the casino industry, the curtailment of the gang-related violence for which Macau was known in its Portuguese days, and the establishment of Chinese rule under the mantra of "one country, two systems." After the end of Stanley Ho's casino monopoly in 2002, Macau became the richest gambling center in the world with profits outstripping even Las Vegas.

Macau's residents have enjoyed this boom, but they are increasingly aware that such growth is limited in the absence of political reform. Since the 1999 handover, Macau has been governed by a Basic Law that gives citizens no real vote, handing power instead to a chief executive who is elected by a 300-person committee whose members are almost all backed by Beijing.

It's not surprising that Macau's endemic corruption has calcified under such governance. In one of the highest profile cases, the former secretary for public works, Ao Man-Long, was convicted in 2008 of taking more than $100 million in bribes and sentenced to 27 years in jail. A recent telephone poll by the Macau Inter-University Institute found that 30.9% think government corruption has gotten worse in the last decade, compared to 23.4% who think it has gotten better. (The rest thought it stayed the same.)

But what has changed in the last decade is that people are more willing to speak out against the lack of government progress. "I'm convinced that under the current political regime designed by the Macau Basic Law, 'legislative-led' governance in the Macau SAR will never appear," blogged Susana Chou, the recently retired president of Macau's legislative assembly.

This dissent will ripple far beyond the borders of this small gaming town, because the Macau experiment is hardly unique. Mr. Chui has promised to put the people first and fight corruption, but unless he advances political reform, the next ten years will only be more of the same.

Iranian Scorecard

In his Inaugural address, President Obama promised the world's dictators—with Iran plainly in mind—that he would "extend a hand if you are willing to unclench your fist." Here's a status report on the mullahs' knuckles:

• *Weapons of mass destruction*. On Wednesday, Iran tested a new version of its Sajjil-2 medium-range ballistic missile, a sophisticated solid-fuel model with a range of 1,200 miles—enough to target parts of Eastern Europe.

> The Administration opposes a bipartisan sanctions bill.

Also last week came news that Western intelligence agencies have an undated Farsi-language document that concerns technical aspects of a neutron initiator, which is used to set off nuclear explosions and has no other practical application. The document remains unauthenticated, and Iran denies working on a nuclear weapon. But it squares with accumulating evidence, from the International Atomic Energy Agency and other sources, that Iran continues to pursue nuclear weapons design and uranium enrichment.

• *Support for terrorists*. Iran also continues to supply Hamas in Gaza and Hezbollah in Lebanon with weapons and money, and there's reason to suspect the help extends to Colombia's terrorist FARC. Centcom Commander David Petraeus told ABC News Wednesday that Iran "provides a modest level of equipment, explosives and perhaps some funding to the Taliban in western Afghanistan."

• *Political gestures*. Isolated regimes sometimes signal their desire for better relations through seemingly small gestures: ping-pong tournaments, for instance. Tehran has taken a different tack.

Last Monday, it announced that three American hikers arrested along its border with Iraq in July would be put on trial. The charge? "Suspicious aims." Christopher Dickey notes in Newsweek that "since [President Mahmoud] Ahmadinejad took over four years ago, some 35 foreign nationals or dual nationals have been imprisoned for use as chump change in one sordid deal or another."

• *Diplomacy*. In October, the U.S. and its allies offered to enrich Iran's uranium in facilities outside the country, supposedly for the production of medical isotopes. The idea was that doing so would at least reduce Iran's growing stockpile of uranium and thus postpone the day when it would have enough to rapidly build a bomb.

Tehran finally came back with a counterproposal earlier this month, in which no uranium would leave Iranian soil. Even Hillary Clinton admits it's a nonstarter: "I don't think anyone can doubt that our outreach has produced very little in terms of any kind of positive response from the Iranians," the Secretary of State told reporters.

Given those remarks, we would have imagined that Mrs. Clinton would take it as good news that on Tuesday the House voted 412-12 in favor of a new round of unilateral sanctions on Iran. The Iran Refined Petroleum Sanctions Act would forbid any company that does energy business with Iran from having access to U.S. markets.

Instead, Deputy Secretary of State James Steinberg earlier this month wrote to Foreign Relations Chairman John Kerry urging that the Senate postpone taking up the House bill. "I am concerned that this legislation, in its current form, might weaken rather than strengthen international unity and support for our efforts," wrote Mr. Steinberg.

So let's see: Iran spurns every overture from the U.S. and continues to develop WMD while abusing its neighbors. In response, the Administration, which had set a December deadline for diplomacy, now says it opposes precisely the kind of sanctions it once promised to impose if Iran didn't come clean, never mind overwhelming bipartisan support in Congress. For an explanation of why Iran's behavior remains unchanged, look no further.

OPINION

Can Detroit Be Saved?

[The Journal Interview with Dave Bing]

By Stephen Moore

Dave Bing has just signed on to four years of maybe the most futile and thankless job in America: mayor of Detroit. What in the world was he thinking?

"I wouldn't have taken this job if this wasn't doable," he tells me. "I finished basketball in 1978, then went into my own business in 1980 and did it for 29 years. . . . Now I get to the end of that career and probably should have retired. But there was a calling greater than anything that I ever envisioned, and that was to help bring this city back."

In November, 57% of the Detroit voters bought into his tough-love reform agenda. Mr. Bing replaced the disgraced Kwame Kilpatrick, who went to jail earlier this year for spending city funds on his girlfriends—just the publicity boost the city already flat on its back didn't need.

'Sports gives you a sense of what it's like to win, and how you handle losing and setbacks, which life is full of.'

The mayor's office is in the heart of downtown Detroit, which has shrunk to about an eight-block radius of high rise office towers, upscale restaurants and stores. Yet everything in Mr. Bing's office, including the furniture, is, in the words of his press secretary, "spartan." There's no money to be wasted on redecorating, the mayor tells me. He's not taking a salary. At 66, with his horn-rimmed glasses, graying hair and tailored business suits, Dave Bing looks ready for business.

His highest priority is balancing a budget that is swimming in red ink. "We have a $325 million deficit, and 2010 doesn't look any better. Right now revenue growth is still negative. We're taking in *less* money each year. We can't rebuild this city by constantly cutting, but in the short term, we don't have an option," he says.

How much has to be chopped? The major says that at its peak Detroit had a $3.6 billion budget. He hopes to get it down to $2.9 billion, almost a 20% real cut.

Dave Bing is no Milton Friedman when it comes to economic solutions. He's praying for lots of federal aid to help the city pull out of its ditch, he wants to borrow against future tax revenues, and he hasn't ruled out tax increases "if they have a sunset" to pay the city's bills. He believes it's a core responsibility of government to help people.

Yet Mr. Bing is a realist, something Detroit hasn't had at the helm for a long time. "We've been paralyzed by a culture in the city of Detroit, and maybe the state of Michigan, of entitlement," by which he means ever-rising union wages. "Our people, I don't believe, truly understand how dire the situation is. There are ugly decisions that need to be made and I'm surely not going to be popular for making them. But I didn't take this job based on popularity."

One group that surely isn't a fan is the public employee unions. He grumbles that there are 17 unions with over 50 separate bargaining units. "I can give you a data sheet that will show you we've got several of those bargaining units with less than 100 people, and each one of them has a president that's paid by the city to negotiate against the city," he says. "Coming from the private sector, I find that insane."

Mr. Bing's gladiator-like brawls with the union bosses have drawn national attention. Earlier this year, he forced nonunionized city workers to take a 10% pay cut and unpaid furloughs. Now he's demanding the same pay concession from the unions. At one point the union got so fed up with Mr. Bing's refusal to buckle to their demands that they asked the courts to toss him in jail for violating their contracts. That didn't happen, but the unions did win a court challenge when the mayor refused to collect union dues out of city paychecks.

"Today in the city of Detroit," he tells me, "our union employee benefits cost 68% of what their base wage is. I don't think that happens in any other place in the country." To give a sense of how excessive those pay packages are, he adds: "When you look at one of the most dominant labor unions in the world, the UAW, they're nowhere close to what we give our city workers."

The mayor is quick to remind me that he is not antiunion. He joined the NBA players association in the late 1960s and hired a mostly unionized workforce at his firm, Bing Steel. But for months he has been locked in tedious negotiations and the aggravation is starting to show.

"The problem for the most part," he argues, "is poor union leadership. I think the rank-and-file aren't being told the truth. And I'm not going to B.S. anybody. I'm going to tell them the truth. They can't continue to ride this gravy train forever."

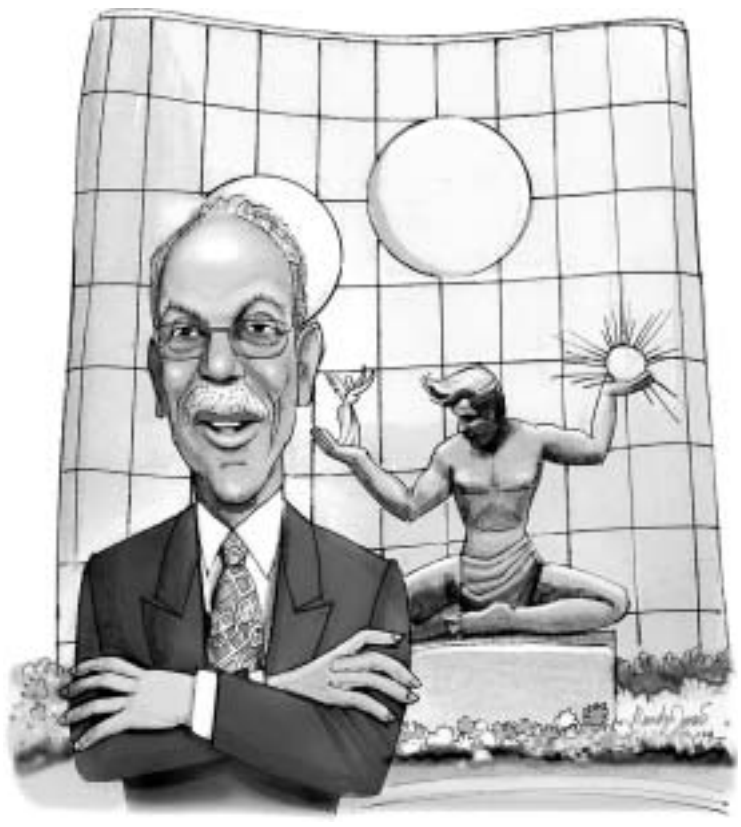
He poses this question to the city workforce: "Are you better off having a job and making 90% of what you're at today or having no job at all? To me, you don't have to be a brain surgeon to say I'll take that 90%."

* * *

Could Detroit be the first major city in America to actually declare bankruptcy, I ask hesitantly. His honesty surprises me: "I hope not, but I wouldn't rule it out if we don't get concessions from the unions." He may be using the threat of bankruptcy, which is a poison pill for unions, as a bargaining chip. "This would void all the city contracts," he insists. "That means workers have to make a decision: Do you want to start with zero, or do you want to start from where you are and give up just a little bit? Under bankruptcy you start with zero." Mr. Bing is a hardliner.

After he retired from the NBA, Mr. Bing started a steel company with $250,000 of his own money. He lost half of it in his first year, 1980, the worst steel recession of the 20th century. Bing Steel eventually grew into a $60 million enterprise.

How important is his business experience in running Detroit? "A city is a business," he replies. "It's a $3 billion plus business. The past administrations didn't understand that, and I think that's got us where we are." Voters realize that private "businesses create jobs," he says. "That's where wealth is come from, and for too long we've treated them like enemies."



Randy Jones

He wants to make the city "more business friendly," but how? "Take the licensing and permitting process that people have to go through," he explains. "I've heard nothing but war stories. So I'm focusing on how we can help businesses cut through the red tape in city government. As an entrepreneur, if you have to spend all of your time trying to get licensing and permits . . . guess what you do? You're going somewhere else. We've got to make Detroit a place where businesses can make a profit again," he says hopefully.

Mr. Bing is brimming with other ideas to make Detroit more livable. One challenge he faces is how to successfully downsize. "We have a city that still has a footprint from when we had almost two million people. In the 2010 census, we'll be lucky if we've got half of that population with the same footprint and infrastructure."

He wants to tear down buildings and dilapidated homes and convert thousands of acres to "parks and greenspace." He also wants to privatize public services to save money and create a new cosmopolitan environment that will attract middle-class and affluent families that have fled to the suburbs.

"We have to be honest with ourselves and say we're no longer going to be the motor capital or the manufacturing capital of the world," Mr. Bing says. "But I think we can be the entertainment capital of the Midwest. We have casinos, great hotel accommodations, great restaurants, we're one of the few cities that has every professional sports team.

"We're one of the only cities in the country that has an international waterway—so there's Detroit and then across the river, there's Windsor, Canada," he says pointing out the window to the tall buildings across the border. "We're losing a lot of our young talent who graduate from our top universities, because they don't see the opportunity for jobs in the future here. That's got to change."

He has a clear prescription of how to bring the middle class back: "I think public safety is number one. A productive school system is number two. Because without either one of those being effective and efficient, you can forget everything else." It sounds like a plan right out of the Rudy Giuliani playbook. He has brought in a new police chief and early results look encouraging.

Still, Detroit has one of the highest murder rates in the nation. The public schools are disastrous, with almost two of three inner city Detroit teenagers failing to earn a high school degree.

Mr. Bing believes the solution lies in improving public schools, but also investing in parochial and charter schools. "I'm for more choices. Getting families into the best educational system for their young people is critical." Schools aren't under his command; they are run by a school board that is dominated by the teacher's unions. "One of my goals is to have mayoral control" of the school system, he says.

Mr. Bing also feels passionately about the value of sports in the lives of young people. Before he became mayor, he donated and helped raise money to keep high school sports programs in Detroit.

"I think sports are critical," he says. "I don't care whether it's in the inner city or not, if the only thing that we prepare young folks today for is classroom activities they lose a lot. There's so much you can learn in sports that you don't learn from academics. It's understanding how to get along and communicate with people. Being part of a team. Sports gives you a sense of what it's like to win, and how you handle losing and setbacks, which life is full of."

Many people don't know that Dave Bing faced—and improbably overcame—major adversity of his own on the road to stardom. "When I was a five-year-old kid," he retells the story, "I had a nail stuck in my eye. So I had poor vision. The injury affected my depth and peripheral vision."

It is nothing short of a miracle that a man could become a world-class shooter with that kind of disability. And then in his fifth year in the NBA he was poked in the eye, which caused a detached retina. The doctors said he was done with basketball. "I played another seven years after that." Then he becomes philosophical: "So you know, it's easy for people to have problems and feel sorry for themselves, and quit. That just wasn't in my nature."

* * *

I can't resist asking Mr. Bing about one of the few decorations in his office: a large photo of 50 of the greatest NBA players of all time. There gathered are Oscar Robertson, Bill Russell, Elgin Baylor, Elvin Hayes and, yes, Dave Bing. "I was and still am friends with many of those guys," he says. How would they have done against the current crop of players? "Oh there's no doubt that today's players are far superior athletes and leapers. But now it's an individual sport. Back then we played together as a team. That's why we might have beaten them," he chuckles.

Mr. Bing reminds me that he was the No. 2 player taken in the 1968 NBA draft, after starring at Syracuse. His first salary was just $15,000. Today, the No. 2 pick in the draft earns close to $15 million.

So what made Dave Bing so great at basketball? He's not that tall—6'3"—though he does have big hands, the trademark of a great hoops star. "I think one of my best attributes was intelligence," he explains. "In a lot of cases that is what truly separates the superstars from the rest. That and I had a good work ethic."

Then he seems to be thinking back to the glory days and adds: "I also had good jumping ability, I mean I didn't seem to fall. I could slash to the basket and score. And I wasn't afraid to take the winning shot."

Mr. Moore is senior economics writer for the Wall Street Journal editorial page.

Comments? The Journal welcomes readers' responses to all articles and editorials. It is important to include your full name, address and telephone number. Please send letters to the editor to: **Letters@WSJ.com**

THE WALL STREET JOURNAL. ASIA

Almar Latour, *Editor in Chief, Asia*
Peter Stein, *Associate Editor*
Dean Napolitano, *Senior Editor*
Mary E. Kissel, *Editorial Page Editor*
Philip Owens, *Circulation Director*
Shawn Hiltz, *Marketing Director*
Alice Chai, *Research Director*
Connie Cheng, *Operations Director*
Simon Wan, *IT Director*
Olivier Legrand, *General Manager Digital*
Christine Brendle, *Publisher*

Published since 1889 by
DOW JONES AND COMPANY

© 2009 Dow Jones & Company. All Rights Reserved

DOWJONES
A News Corporation Company

OPINION

The Uighurs Have Nowhere to Flee

By Rebiya Kadeer

On Saturday night under cover of darkness, a special Chinese plane departed from the military section of the Phnom Penh airport carrying 20 Uighur asylum seekers. For this group of men, women and children, this was the end of their failed effort to seek freedom from the Chinese regime.

Cambodia's decision to deport the asylum seekers, who were in the process of applying for refugee status at the office of the United Nations High Commissioner for Refugees, is a reminder that Beijing's oppression of the Uighurs does not stop at China's borders. The Uighurs are a predominantly Turkic, Muslim people who live in East Turkestan (also knows as the Xinjiang Uighur Autonomous Region). For decades they have been the victims of systemic human-rights abuses at the hands of the Chinese government.

Beijing is using its growing clout to persecute Uighurs outside China's borders.

Fearing further persecution, these 20 Uighurs had fled to Cambodia in November with the assistance of Christian aid groups. The Cambodian Foreign Affairs Ministry initially declared it would cooperate with the UNHCR regarding the asylum interview process, but, in an about-face with tragic consequences, two days later issued a proclamation of "illegal entry" by the 20 Uighurs. UNHCR officials had yet to finish reviewing their cases when the Uighurs were handcuffed and forcefully taken from UNHCR protection by Cambodian authorities. China's track record of mistreating repatriated Uighur refugees leads us to fear that they can expect even worse on Chinese soil.

There's little hope these deportees will receive fair trial: Chinese Foreign Ministry spokesmen have already declared them to be criminals without offering any evidence to back up their claims (and despite the fact two of the Uighurs are children). China's insistence on the guilt of these Uighurs in the absence of proof is consistent with its treatment of other Uighurs detained after the July unrest in Urumchi, whom Chinese officials declared to be criminals prior to the start of any criminal trials.

Beijing leaned hard on Phnom Penh to secure the deportation of these Uighurs, because once free they would no doubt contradict the official version of the events of July 5, when security forces cracked down violently on Uighur protestors and unrest spread through the city of Urumqi. The government has portrayed the unrest solely as a criminal act carried out by a small group of violent Uighurs, ignoring the security forces' killings of Uighur protestors, the mass arbitrary detentions of Uighurs and the systemic human-rights issues that led Uighurs to engage in a peaceful protest on the afternoon of July 5. At least two of the recently deported Uighurs reported having witnessed security forces beating and killing Uighur protestors on July 5.

Agence France-Presse/Getty Images

A riot policeman holds back a crowd in Urumqi during protests on July 7, 2009.

The Cambodian government must be held accountable for its act of complicity with the Chinese government. Cambodia is a signatory of the 1951 Refugee Convention, but turned a deaf ear to the entreaties of the U.S. and other democratic countries on behalf of these Uighur asylum seekers. Phnom Penh's decision was no doubt influenced by enormous Chinese pressure, backed by hundreds of millions of dollars in aid and a reported $1 billion in foreign direct investment. Prime Minister Hun Sen has labeled China as Cambodia's "most trustworthy friend," and Cambodian officials were loathe to disappoint Chinese Vice President Xi Jinping on the eve of his Dec. 20 visit to Phnom Penh.

The deportation of the Uighurs in Cambodia is a sign of China's increasing ability to resist international pressure regarding its human-rights violations. As China's economic influence grows throughout Asia and the world, so too does its diplomatic clout. Economies in Central, South and Southeast Asia are increasingly dependent on cooperation with China, as the Chinese market seeks to feed its ravenous need for the natural resources available in these nations. Governments of countries neighboring China are reluctant to take any action that would displease Chinese authorities, leaving Uighurs nowhere to flee.

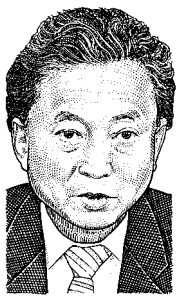
The United States and other nations committed to the preservation of human rights must call upon China to provide the 20 repatriated Uighurs with due process of law and must continue to express concern about their situation despite China's protestations over what it terms "interference in its domestic affairs." During my time in a Chinese prison, my jailers often told me the world did not care about me or the Uighurs' struggle for freedom, but my treatment did improve when officials from the U.S. and other democratic countries campaigned for my release. If there is to be any hope for the safety and well-being of these Uighur asylum seekers, it is vital that world powers continue to press China regarding their welfare.

Ms. Kadeer is the president of the World Uighur Congress and the Uighur American Association.

Japan's Risky Rapprochement With China

By Kelley Currie

The new Japanese government has wasted no time in "rebalancing" the country's foreign-policy stance toward China, as last week's lavish visit by Chinese Vice President Xi Jinping to Tokyo shows. Warming relations between North Asia's two powers should be good for both, and the region as a whole. But Japan's growing friendship with the authoritarian regime in Beijing has inherent limits that the new government is starting to push up against.



Yukio Hatoyama

Mr. Xi's visit to the Imperial Palace last week was a political coup for China. Prime Minister Yukio Hatoyama personally pushed hard for the audience, taking the unprecedented step of overruling the head of the Imperial Household Agency, which initially turned down the request due its short notice. The prime minister gave the Chinese further face at American expense by announcing the postponement of a decision on the Okinawa rebasing while Mr. Xi was still in Japan.

The Xi visit is only the latest in a string of recent outreaches between the two governments. Last month Chinese Defense Minister Liang Guanglie visited Tokyo and inked an agreement on unprecedented military cooperation between China and Japan, including joint maritime rescue exercises. Japanese Defense Minister Toshimi Kitazawa called Japan's relationship with China "one of the most important bilateral relations," a surprising characterization given the history between the two Asian powers. There was also the recent extraordinary 640-person delegation to China, led by long-time Democratic Party of Japan China booster Ichiro Ozawa, and Mr. Hatoyama's decision to travel to Beijing immediately after assuming power.

None of this should come as a surprise for U.S. policy makers. Mr. Hatoyama was clear during the campaign he would seek closer relations with China, and both Republican and Democratic administrations in Washington have encouraged improved Sino-Japanese ties. The problem is that the seeming dramatic improvements in Sino-Japanese relations are taking place against a backdrop of shaky U.S.-Japan relations. President Obama's day-trip to Tokyo last month was marked by a public spat over the Okinawa base and an apparent lack of personal connection between Messrs. Obama and Hatoyama. Tokyo's continued efforts to push an East Asian Community that excludes the U.S. have only heightened American concerns.

Washington shares a measure of blame for the drift. The Obama administration's rhetoric has heavily emphasized the need for American cooperation with China in managing global and regional challenges. Administration officials rarely mention America's vital democratic allies in Asia, and there has been much off-the-record grousing by senior U.S. officials about the difficulties of working with the Hatoyama foreign policy team. Mr. Obama chose to spend only a day in Japan on his recent visit to Asia, but three in China. Japanese policy makers have taken note: There is concern in Tokyo that the U.S. administration's recent agreement to talk about resolution of hostilities with North Korea—rather than exclusively focus on denuclearization—will lead to a reduction in Japanese influence on dealings with Pyongyang.

Tokyo's embrace of Beijing could jeopardize Japan's security relationship with the U.S.

There are signs that the Obama administration recognizes there is a problem, and is trying to refocus its Asia policy by paying greater attention to relations with regional partners other than China. Mr. Obama recently concluded a warm and successful state visit with Indian Prime Minister Manmohan Singh. The U.S. may also soon announce a package of defense sales to Taiwan, and administration officials have been effusive in their praise of South Korean President Lee Myung-bak.

For now, the U.S. can afford to be patient about letting Japan's domestic political calculus work in its favor. But if U.S.-Japan relations continue to deteriorate, Japan could find itself increasingly marginalized in Washington, and Washington's strategic calculus would become more difficult. China is more than willing to step into the breach if relations with Washington cool, as demonstrated by Mr. Xi's politically astute expressions of appreciation for Japanese foreign assistance during his visit last week.

While continuing to support Sino-Japanese rapprochement, the U.S. side needs to keep making its case to officials in the Hatoyama administration, even if they seem uninterested in hearing it. They can do this by focusing on the shared values that underpin the U.S.-Japan alliance, as well as by showing greater appreciation for concrete areas of cooperation, such as Japan's effective development assistance in Afghanistan.

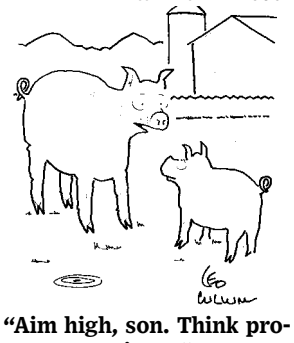
But the real check on Mr. Hatoyama and his DPJ-led government is ultimately his constituents. Japanese voters welcome the economic benefits of engagement with China, but they also recognize the benefits of their alliance with a strong democratic ally. Mr. Xi's audience with Emperor Akihoto met with strong public protest, and has given the opposition Liberal Democratic Party an issue that resonates with voters. Even the delay on the Okinawa basing decision may signal that Mr. Hatoyama feels politically constrained from immediately canceling the 2006 rebasing agreement.

Prime Minister Hatoyama will likely continue his promised efforts to "rebalance" Japanese relations with the U.S. and China, but now that he's actually responsible for governing, Mr. Hatoyama needs to ask himself: Which country would ultimately keep the Japanese people's best interests at heart—democratic America or authoritarian China? If the prime minister answers the latter, then the Japanese public—and the Obama administration—really will need to start worrying.

Ms. Currie is a nonresident fellow with the Project 2049 Institute, a think tank in Washington.

Pepper . . . and Salt

THE WALL STREET JOURNAL



"Aim high, son. Think prosciutto."

IN DEPTH

Death of a young physician rallies Iranian opposition

Doctor defied leadership in Tehran to revise death certificates of those who perished in Kahrizak detention center

By Farnaz Fassihi

AT THE HEIGHT of Iran's bloody civil unrest this year, a young doctor named Ramin Pourandarjani defied his superiors. He refused to sign death certificates at a Tehran prison that he said were falsified to cover up murder.

He testified to a parliamentary committee that jailers were torturing and raping protesters, his family says. He told friends and family he feared for his life.

And on Nov. 10, the 26-year-old doctor was found dead in the military clinic where he lived and worked.

The family of Dr. Pourandarjani, who occasionally treated prisoners in fulfillment of Iran's obligatory military service, says he was killed for his refusal to participate in a coverup at the notorious Kahrizak detention center, widely criticized for its unsanitary conditions.

In a series of interviews over three weeks, Dr. Pourandarjani's family spoke in detail for the first time about their son's mysterious death.

Iranian officials first blamed the doctor's death on a car accident, then a heart attack, then suicide and then poisoning, according to family members and government statements.

The controversy over his fate is transforming the doctor into a martyr for the opposition movement challenging the legitimacy of Iran's rulers. In a sign of his mounting symbolic importance, on Dec. 8 Iran's national prosecutor, Gholam Hossein Mohseni-Ejei, was pressed by local reporters at a news conference for answers. He said the case remains under investigation.

Mr. Mohseni-Ejei couldn't be reached for comment. A spokesman for the Iranian Mission to the United Nations said the case is being probed and declined to answer questions.

"I sent off my young, healthy and beautiful son to military service, and I got his dead body back," says his mother, Ruhangiz Pourandarjani, who lives in the northwest city of Tabriz. "Anyone who says he committed suicide is lying and should be afraid of God."

In Iran, protesters now carry the doctor's picture in street marches and chant his name along with that of Neda Agha Soltan, the young woman whose shooting death in June was captured on video and broadcast world-wide. A popular new slogan at some marches: "Our Neda is not dead, Our Ramin is not dead, it's the Supreme Leader who is dead," a reference to Iran's Ayatollah Ali Khamenei.

Mothers of individuals killed in Iran's antigovernment protests this year have formed a support group, Grieving Mothers, who march silently Sunday afternoons at Laleh Park in Tehran holding pictures of their dead children. This month, security officials arrested 15 members. They were freed a few days later when crowds gathered near the jail, demanding their release.

The opposition says more than 70 Iranians have been killed since June in a crackdown on the protests that erupted after the nation's disputed presidential election. The government says 17 people have died, including a dozen of its own security forces.

Iran denies allegations that jailed protesters were tortured or raped and blames the deaths in Kahrizak on a meningitis outbreak. The prison has been closed in the wake of torture allegations there.

An influential Iranian parliamentarian and former health minister, Masoud Pezeshkian, is pressing for a full investigation of Dr. Pourandarjani's death. The claim of a suicide by "someone who was a witness in Kahrizak, and has no background for mental illness, is suspicious," he told local news agencies. Mr. Pezeshkian couldn't be reached for comment.

Last Wednesday, the head of a parliamentary committee investigating the broader allegations of torture at Kahrizak prison said Dr. Pourandarjani's death didn't warrant examination. "As far as we are concerned, the death of the Kahrizak doctor is clear and doesn't need investigation," said the lawmaker, Farhad Tajari, according to the main parliamentary news service. Mr. Tajari couldn't be reached for comment.

Payvand.com (2)

Ramin Pourandarjani refused to sign death certificates in Iran he said were falsified to cover up murder. In November, he was found dead.

Dr. Pourandarjani was born into a middle-class family in the ancient city of Tabriz, near a place that some researchers claim is a possible geographical location of the Garden of Eden. His mother is a retired elementary school teacher. His father, Ali-Qoli Pourandarjani, works in the city's traditional bazaar.

Ramin, the future doctor, was their first child.

They took his name from an epic poem, "Vis and Ramin," one of many legends of heroic battles against unjust rulers that help define Iranian culture and provide popular names for boys. "Vis and Ramin," the story of a prince who fights the king to free his lover, may also have inspired the story of Tristan and Isolde, some scholars say.

Dr. Pourandarjani's mother recalls that her son showed his intellect early. By the age of 1, she says, he was speaking full sentences in Farsi and Turkish. He could read and write by 3. Before entering first grade, Ramin was reading aloud from a children's newspaper aimed at 10-year-olds.

When he was 11, Ramin entered a school for gifted and talented children. At an age when most teenage boys were interested in playing videogames, his father says, Ramin read and wrote poetry. At 13 he won a national contest for young poets.

Relatives and friends described Dr. Pourandarjani as the family star. "I always told my son he should strive to be like Ramin. What can I say?" says his cousin, Sima, 44, reached by phone in Tabriz. "He was exceptional."

In Iran, students are placed in universities based on their performance on a national entrance exam. In 2001, Ramin Pourandarjani ranked 1,069 out of more than a half-million applicants. He won entrance to Tabriz Medical University, one of the top schools in the nation.

Ramin's younger brother, Amin, described his brother as a bookworm when it came to medical studies, but said he also loved watching French movies to practice his own French.

Last year, Dr. Pourandarjani graduated from medical school at the top of his class. A YouTube video shows him delivering the graduation speech in a new navy blue suit and a pink shirt and necktie. Although wearing neckties at public events and at universities is frowned upon by Iranian authorities as being too Western, Dr. Pourandarjani wanted to mark the occasion with special attire, his family recalls. Behind him, an Iranian flag fluttered in the breeze.

"Thank you to all our beloved families and distinguished professors for attending the celebration of the day we take flight and open our wings," Dr. Pourandarjani said. "If I could go back in time, I wouldn't change a thing."

Then he quoted some poetry. "The person whose heart is filled with love will never die," he said, citing a well-known Persian verse. "Our perseverance is recorded in the book of time."

Like all Iranian males, Dr. Pourandarjani was required to complete a 19-month military service. Doctors serve at government hospitals and clinics as part of their military obligation.

Luck of the draw placed Dr. Pourandarjani at a clinic in Tehran, a 75-minute flight from home in Tabriz. The clinic is in the district that oversees Kahrizak, a rundown detention center for drug addicts and dealers.

The job mostly amounted to routine medical work, until July 9. That day, some 140 young men and women were arrested at a particularly large protest in Tehran. Some detainees were brought to Kahrizak.

It marked the beginning of a prison scandal that shook Iran. Members of the opposition have made allegations of widespread violence and rape in the prison during this time.

Over a period of nearly three weeks, Dr. Pourandarjani was called to the prison four times to treat the wounds of the detainees, according to his parents and Iranian media reports.

At least three prisoners died during this time.

One of them was Mohsen Ruholamini, the 19-year-old son of a conservative politician, who died in late July.

The government publicly blamed Mr. Ruholamini's death on meningitis. Mr. Ruholamini's family immediately disputed that. In public statements at the time, his father, Abdol-Hossein Ruholamini, said his son suffered a broken jaw and died from torture in prison.

In the medical report, Dr. Pourandarjani described Mr. Ruholamini's cause of death as physical stress, multiple blows to the head and chest, and severe injuries, according to the doctor's family and local press reports.

The news of deaths at the prison sparked an unusual public fury, even among government allies. Particularly shocking to Iranians was the death of Mr. Ruholamini, the son of a conservative politician who openly supported the republic's leadership.

In a televised meeting with Supreme Leader Ayatollah Ali Khamenei, Mr. Ruholamini's father told Mr. Khamenei: "The fact that I support the Islamic regime does not mean that I will give up my rights. I demand justice."

Mr. Ruholamini couldn't be reached for comment.

Two influential conservative lawmakers called for prosecution of individuals responsible for Kahrizak. Parliament named a special committee to investigate. Some of the highest Shiite clergymen in the holy city of

The funeral card: 'With unspeakable grief and regret, we announce to all friends and family the unbelievable death of young Dr. Ramin Pourandarjani.'

Payvand.com (2)

The Grieving Mothers march in Tehran carrying pictures of their dead children.

Qom issued statements condemning the government for its handling of Kahrizak.

In the face of the allegations, Mr. Khamenei ordered the prison shut in late July.

The chief commander of the Iranian police, Esmail Ahmadi Moghaddam, told state television in August that the detention center was closed "because the conditions inside were not very desirable. If some guards were a little rough with detainees, it was their bad judgment."

Over the next few months, security authorities called in Dr. Pourandarjani for interrogation, according to family members and reports in the Iranian media. They ordered him to revise the cause of death on medical reports from physical wounds to meningitis, his family members say. He refused.

When the parliamentary committee called him to testify, he told them what he had witnessed, his family says. Dr. Pourandarjani's statements to the committee aren't public record, and the committee has said it won't make its findings public.

In the fall, Dr. Pourandarjani was arrested.

According to his family and official Iranian media reports, he was detained in Tehran for a few days and interrogated by the police and medical officials. Family members say he was warned that if he continued to challenge the authorities, he could face medical malpractice charges and jail, as well as the loss of his medical license.

Iranian officials say in public statements that the doctor was questioned about whether he had given detainees appropriate medical care.

He was released on bail and continued working at the military health clinic, where he also lived in order to save money. He downloaded applications for medical schools in France and Germany and told friends he wanted to study abroad. His military service would end in April 2010. He asked his mother to look out for a nice young woman in Tabriz for him to marry.

In October, a few weeks before he died, both parents say Dr. Pourandarjani confided in them that he feared for his life because he refused to cover up what he had seen at the prison. He described threatening phone calls and said he was being followed.

His mother immediately phoned Abdol-Hossein Ruholamini, the conservative politician whose son had died in Kahrizak. She pleaded with him for help.

"My wife called the Ruholamini family and said, 'My son's life is in danger because he told the truth about the circumstances of your son's death. You must help him,'" Dr. Pourandarjani's father said in a telephone interview.

In early November—the day before he died—Dr. Pourandarjani took the unusual step of visiting the offices of Iran's parliament, his mother says, to ask for help because he felt his life was at risk.

The funeral for Ramin Pourandarjani, a young doctor whose death is now a rallying point for the Iranian opposition.

That night, Dr. Pourandarjani phoned his parents to say he planned to come home to Tabriz for a family visit. He also emailed several friends that evening, according to an opposition Web site, Norooz, that obtained the email from the friends.

In the email, the doctor described the heavy pressure of the prison scandal but said he was looking forward to his trip home. He signed off by asking whether his friends needed him to bring anything back from Tabriz, the friends said.

The next morning, Dr. Pourandarjani's father received a call from Tehran. His son had been in a car accident, he says he was told, and was unconscious with a broken leg. The caller asked him to travel to Tehran immediately.

When Mr. Pourandarjani arrived in Tehran, he was taken to a morgue. He says he was told his son had died from a heart attack.

He flew back to Tabriz with the body. Security authorities prohibited the family from viewing the body or opening the *kafan*, the traditional funeral shroud. The funeral took place under the supervision of several security agents, the family says.

Initially, authorities refused the family's request for an autopsy. This month, because of the public outcry, the government conducted an autopsy, indicating that his last meal, prepared and delivered by the clinic where Dr. Pourandarjani had lived, contained propranolol, a blood-pressure medication that can cause cardiac arrest at high dosages. The government cites the report as evidence of possible suicide, which the family dismisses.

Dr. Pourandarjani's parents are still in mourning. Mrs. Pourandarjani said she sometimes goes into Ramin's bedroom. "I want to turn on his computer to read his poetry and look at his pictures, but I can't bring myself," she said.

This past Thursday, in keeping with Islamic tradition, the family held a memorial service at a local mosque. These are usually private affairs. But this ceremony attracted hundreds of strangers who came to pay their respects.

In an unexpected gesture, one of the strangers, a university student from Tabriz, stood up and read from a statement, the doctor's relatives said.

"We are all children of Iran," the student said. "And today we mourn our dear Ramin."

The crowd spilled into the streets. It included a heavy presence of plainclothes government security agents, according to several people in attendance.

In the fall, Dr. Pourandarjani was arrested. According to his family and official Iranian media reports, he was detained in Tehran for a few days. Family members say he was warned that if he continued to challenge authorities, he could face medical malpractice charges and jail, as well as the loss of his medical license. Iranian officials say in public statements that the doctor was questioned about whether he had given detainees appropriate medical care.

FROM PAGE ONE

Seized weapons appeared en route to Iran

Continued from first page
and Belarus. The crew members say they were told the cargo was oil-drilling equipment. The crew members have denied knowledge that there were weapons on board.

The flight documents obtained by TransArms and IPIS state that the cargo is "oil industry spare parts." The flight's planners appear to have worked hard to maintain appearances. A packing list includes eight categories of equipment, such as "Geothermal rigs spare parts—model MTEC6" and "Bespoke mineral exploration machine—spare parts". Each category includes the number of boxes on board, the weight of each box, the gross weight and dimensions in millimeters.

Thai officials have said the actual cargo included shoulder-launched missiles, large rockets, parts for surface-to-air missiles and electronic systems to control weapons.

Arms-trafficking specialists have puzzled over the plane's stop in Bangkok, an airport that is heavily policed because of the drug trade in Thailand. "This is an unusual flight plan for general cargo, but if it's for an arms flight, it doesn't make any sense," said Peter Danssaert, an arms-trade researcher at IPIS involved in preparing the report. He said the flight plan and detailed cargo list suggest the crew may have been unaware of what they were carrying.

A major question that remains unanswered is who organized the weapons shipment, but it appears the planners went to great lengths to hide their identities. The plane is registered in the Republic of Georgia to a Georgian company, Air West Ltd. Air West on Nov. 5 leased it to another company, SP Trading Ltd., according to an Air West manager and a contract seen by The Wall Street Journal. SP Trading is registered in New Zealand and appears to be only a shell company owned by other companies.

In another contract dated Dec. 4, discussed in the report by TransArms and IPIS and seen by the Journal, SP Trading leased the plane to another company, based in Hong Kong. The Hong Kong company is owned by a second Hong Kong company, which is owned in turn by a third company, based in the British Virgin Islands, according to company registration documents. These companies appear to have organized the cargo.

An Air West manager said the company had leased the plane to SP Trading and he knew no more. Officials from SP Trading couldn't be located.

In addition, the Georgian-registered Ilyushin-76 cargo plane is actually owned by a company based in the United Arab Emirates, according to information in the draft report and confirmed by Georgian aviation officials. The company, Overseas Cargo FZE, is based in Sharjah, one of UAE's seven emirates. A spokeswoman for the UAE General Civil Aviation Authority said the agency had no record of the plane being owned by a Sharjah company, although aviation specialists say this isn't unusual.

A U.A.E. official confirmed that the Ilyushin-76 landed in the country on the evening of Dec. 9. The plane refueled and took off just over two hours later with an empty cargo hold, the official said. The plane didn't return to the U.A.E. before it was seized by the Thai authorities, the official said. The stop agrees with the flight plan in the arms-trafficking report.

Overseas Cargo's registration documents, reviewed by The Wall Street Journal in Sharjah, describe it as both an aircraft-leasing and -handling firm as well as an oil-services consulting company. The documents say it has one shareholder, Svetlana Zykova, who lists a permanent address in Almaty, Kazakhstan.

Two women at Overseas Cargo's office in Sharjah referred inquiries to Ms. Zykova. Ms. Zykova was contacted on a U.A.E.-listed mobile phone. The woman who answered identified herself as Svetlana Zykova, confirmed she was the owner of Overseas Cargo, and then hung up when she was asked about her company's connections to the plane seized in Thailand.

If Overseas Cargo or other companies in the UAE are linked to the shipment, it could mark a setback for local officials, who say they have been cracking down on shell companies located in the country's multiple free-trade zones. The crackdown is aimed at hindering the flow of weapons and dual-use technologies to Iran that have been forbidden under United Nations sanctions. Objects that indirectly could aid Iran in building a nuclear weapon, such as state-of-the-art computer equipment, are considered dual-use technologies.

UAE officials have boasted of their tight regulation at the Dubai port, one of the world's largest. Earlier this summer, authorities there seized a shipment of military hardware from North Korea aboard a vessel bound for Iran. The cargo was labeled "oil boring machines" but actually contained detonators and ammunition.

European Pressphoto Agency

Some of the 35 tons of weapons found in the Ilyushin-76 seized by Thai authorities in Bangkok earlier this month. The flight originated in North Korea.

Asian spending spree continues to lift economy

Continued from first page
takes up just over a third of China's economy, compared to two-thirds in the U.S. and well above 50% in most advanced economies. Even with Chinese retail sales that have exceeded 15% growth on a year-to-year basis this year, it will take years for the economy to reach a level where domestic consumption is above 50%.

In other parts of Asia, the story is slightly different. As in China, consumers from India to the Philippines are spending with increasing zeal. But unlike China, private consumption already makes up more than half of GDP in other Asian economies. That means higher consumer spending will make a bigger contribution to overall growth in those countries.

"Households have now become a driver in the recovery" across the region, says Frederic Neumann, Asia economist for HSBC. He notes that consumption grew faster than overall output in most Asian economies in the third quarter, a change from earlier in the decade.

India has strong increases in automobile purchases thanks to government incentives and a burgeoning car culture. Vehicle sales rose to more than 130,000 in November, 61% more than a year ago, according to the Society of Indian Automobile Manufacturers.

Retailers are also sensing a broader return to spending. "India is going through some kind of tipping point. You never see this kind of consumption growth happening," says Kishore Biyani, managing director of Pantaloon Retail India Ltd., which sells everything from clothing to electronics and is India's largest retailer by revenues. "Three months ago I would have told you things were not so good."

Consumer spending in the Philippines rose 4% in the third quarter from the year earlier, the fastest pace since the end of 2008. Remittances from workers abroad have grown this year, surprising economists. It turns out many of those Philippines natives work in nearby Asia, which has weathered the economic storm better than the West.

Jonah Adornado, a 40-year-old travel-agency owner in Manila just bought a new Toyota Altis sedan. She specializes in arranging trips for Filipinos coming home from abroad on holiday. "Business is good, that's why I was able to buy my first car from profits from my travel agency," she said. She made the purchase without government incentives.

In the Philippines, car sales are up a modest 4% this year, much of that in the past couple of months. That has surprised auto executives who expected flat sales at the start of the year. "The overseas remittances is a big engine of consumption," says Elizabeth Lee, a distributor of Nissan vehicles in the Philippines and the president of Campi, an automotive sales trade group.

Tourism has also seen a rebound in Asia the past few months. At the start of 2009, travel-industry executives predicted a terrible year as vacationers from battered economies in the U.S. and Europe stayed home. H1N1 flu also damped travel in the middle part of the year.

But in Malaysia, 2009 will likely set a new record in terms of number of tourist visitors—more than the 22 million who came last year. For the first time, a million Chinese tourists could visit Malaysia by year's end.

"We thought there'd be some problems, but they just didn't seem to arrive," says Ivo Nekvapil, a hotel consultant and vice president of the Malaysia Association of Hotels.

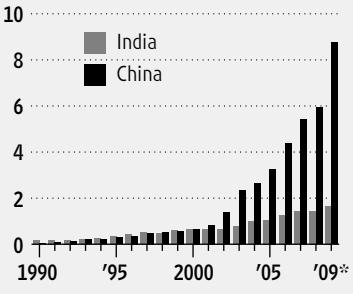
All of this doesn't mean Asia can live on consumer spending alone. It still is reliant on demand for its exports. But it does show that even sluggish growth in consumer demand from U.S. and Europe—something many expect—will probably be enough to keep Asia growing at a healthy clip next year.

—Eric Bellman and Josephine Cuneta contributed to this article.

Driving the recovery

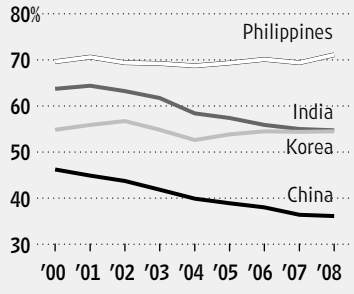
Car culture

Indian and Chinese consumers are piling into new cars, total passenger vehicle sales in millions.



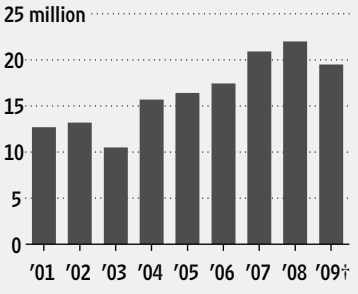
Domestic demand

Private consumption as a percentage of GDP in select Asian economies.



Malaysian holiday

Asian tourism is on the rebound, especially in Malaysia thanks to regional travelers.



* Forecast †Through October
Sources: J.D. Power Associates, Asia (car sales), Asian Development Bank (consumption), Tourism Malaysia (tourism)

GM gets new inquiries for Saab but still plans to shut unit
BUSINESS & FINANCE 20

After China's loan binge, it is time to tidy up
HEARD ON THE STREET 30

BUSINESS & FINANCE.

Monday, December 21, 2009 THE WALL STREET JOURNAL. asia.WSJ.com

Stocks' 'nightmare' decade

U.S. market's performance since end of 1999 is the worst in almost 200 years

By Tom Lauricella

For many stock investors, this decade can't end soon enough.

Even with the rebound this year, the U.S. stock market is on the verge of posting its worst performance for any calendar decade in nearly 200 years of American stock-market history.

Investors would have been better off investing in pretty much anything else, from bonds to gold or even just stuffing money under a mattress. Since the end of 1999, stocks traded on the New York Stock Exchange have lost an average of 0.5% a year thanks to the twin bear markets this decade.

ABREAST OF THE MARKET

In the process, the market has provided a lesson for ordinary Americans who used stocks as the primary way of saving for retirement.

Many investors were lured to stocks by the big bull market that began in the early 1980s and gained force through the 1990s. But coming out of the 1990s, the best calendar decade in history with a 17.6% average annual gain, stocks simply had gotten too expensive. Companies also pared dividends, cutting into investor returns. And in a time of financial panic like 2008, stocks usually were the worst place to be.

With just two weeks to go in 2009, the declines since the end of 1999 make the last 10 years the worst calendar decade for stocks going all the way back to the 1820s, when reliable stock-market records began, according to data compiled by Yale University finance professor William Goetzmann.

It edges out the 0.2% decline stocks suffered during the Depression years of the 1930s, which up until now held the title of worst decade. And it is worse than other decades with financial panics, such as in 1907 and 1893.

"The last 10 years have been a nightmare, really poor," for U.S. stocks, said Michele Gambera, chief economist at Ibbotson Associates.

While the overall market trend has been a steady march upward, the last decade is a reminder that stocks can decline over long periods, he said. "It's not frequent, but it can happen," Mr. Gambera said.

To some degree these statistics are a quirk of the calendar based on when the 10-year period starts and finishes. The 10-year periods ending in 1937 and 1938 were worse than the most recent calendar decade because they capture the full effect of stocks hitting their peak in 1929 and the October crash of that year.

Then again, if stocks this past year hadn't staged a rebound since March, this decade's losses would have eclipsed even the worst of the 1930s, according to Mr. Goetzmann's data.

From 2000 through 2009, investors would have been far better off owning bonds, which posted gains ranging from 5.6% to more than 8%, depending on the sector, according to Ibbotson. Gold was the best-performing asset, up 15% a year this decade after losing 3% each year during the 1990s.

This past decade looks even worse when the impact of inflation is considered. Since 1999, the Standard & Poor's 500-stock index has lost an average of 3.3% a year on an inflation-adjusted basis, compared with a 1.8% average annual gain during the 1930s, when deflation afflicted the economy, according to data compiled by Charles Jones, finance professor at North Carolina State University. His data use dividend estimates for 2009 and the consumer price index for the 12 months through November.

Even the 1970s, in which a bear market was coupled with inflation, wasn't as bad as the most recent period. The 1970s saw the S&P 500 lose 1.4% after inflation.

That is especially disappointing news for investors, considering that a key goal of investing in stocks is to increase money faster than inflation.

For investors counting on stocks for retirement plans, the most recent decade means many have fallen behind retirement goals. Many financial plans assume a 10% annual return for stocks over the long term, but over the last 20 years, the S&P 500 is up 8.2%.

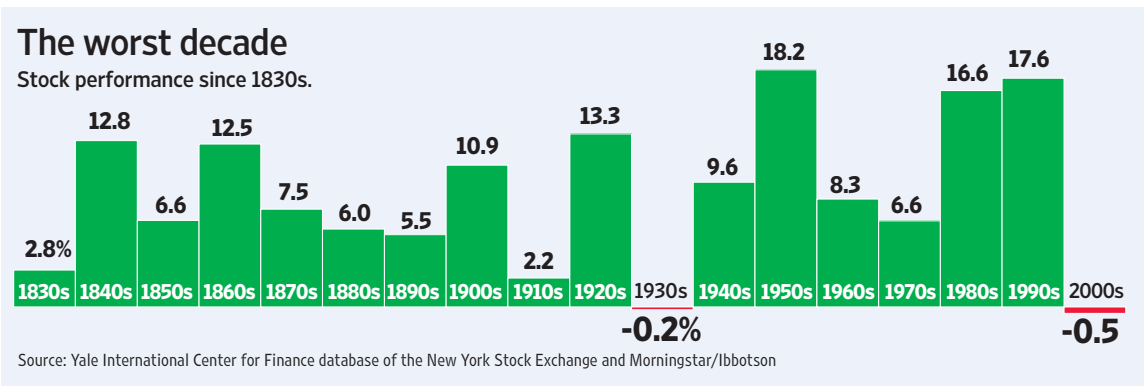
Should stocks average 10% a year for the next decade, that would lift the 30-year average return to only 8.8%, said North Carolina State's Mr. Jones. It is even worse news for somebody who started investing in 2000; a 10% return a year would get them up to only 4.4% a year.

There were ways to make money in U.S. stocks during the last decade. But the returns paled in comparison with those in the 1990s.

Of the 30 stocks that comprise the Dow Jones Industrial Average today, only 13 are up since the end of 1999, and just two, **Caterpillar** Inc. and **United Technologies** Corp., doubled over the 10-year span. In contrast, during the 1990s every single one of the stocks now in the Dow doubled and 22 more than tripled. (Dow component **Kraft Foods** Inc. started trading only in 2001 and **Cisco Systems** Inc. in March 1990.)

It was more than just technology phenomena such as **Microsoft** Corp. and **Intel** Corp. **Coca-Cola** Co. rose more than 500% in the 1990s. Today, the stock is up 1.4% from where it finished on Dec. 31, 1999.

Please turn to page 26



Source: Yale International Center for Finance database of the New York Stock Exchange and Morningstar/Ibbotson

China tightens property rules for developers

By Joy C. Shaw

SHANGHAI—China has tightened land-sale regulations for developers in its latest attempt to take some of the steam out of the potentially overheating property market.

The new rules include the first nationwide minimum down payment on land purchases from the government, and follow a pledge from Beijing last week to curb what it calls an "overly fast" rise in property prices by boosting the supply of cheap public housing and redeveloping slum areas.

Beijing is concerned about long-term inflationary pressure building as a result of a fast economic recovery spurred by a government-engineered credit boom and public spending. It also faces public anxiety about overheating in the property sector and a potential asset bubble in the stock market, which could threaten social stability.

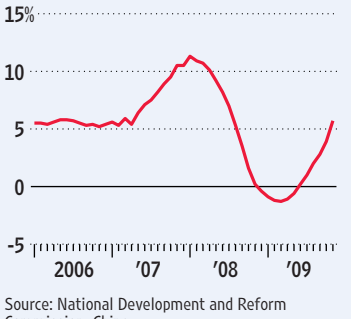
The new rules, which were posted on the Ministry of Finance's Web site Thursday in a statement dated Nov. 18, include a minimum down payment of 50% on land purchases from the government. Local governments previously asked developers to put down 20% to 30% of the value of the land in such deals, analysts said.

The new policy also requires developers to completely pay off land purchases from the government within one year of a sale agreement, with a one-year extension allowed for certain "special projects."

Developers won't be permitted to buy new land if they fail to pay off a land purchase in time, according to the statement, which was jointly issued by the Ministry of Finance, the People's Bank of China, the Ministry of Land and Resources, the National Audit Office, and the Ministry of Supervision.

The new rules also require local governments to fully reflect the proceeds of land sales in their budgets and forbid them from giving discounts to developers or allowing developers to delay payments.

Please turn to page 26



Source: National Development and Reform Commission, China

CIC aims higher on overseas deal stakes

By Terence Poon

BEIJING—Sovereign-wealth fund **China Investment Corp.** recently raised the target size of stakes it takes in developed countries' companies, as part of its efforts to simplify the structure of potential deals.

The move, announced Friday by CIC President Gao Xiqing, comes amid an acceleration in the fund's overseas acquisitions. CIC, with about $300 billion in assets, had originally aimed for stake sizes of no more than 10%, but the size of the stakes it has recently bought in companies in developed countries has been below 20%, said Mr. Gao, who is also CIC's investment chief.

CIC found the lower level caused complications when making deals, Mr. Gao told a financial conference. The original target meant CIC might need a partner to make investments, which complicated the structure of deals and had the potential to be disadvantageous to CIC later on, he said.

CIC accelerated its pace of overseas investments during the global financial crisis this year, as it seeks to reap good returns from bargain hunting and feed robust domestic demand for resources. It invested in sectors including resources, energy and property.

The fund's investment level thus far "is indicative of what will happen," Mr. Gao said, but declined to specify whether it represents a ceiling for future investments.

"We're not going to commit ourselves to anything," Mr. Gao said, adding that CIC will base its practices on the Santiago Principles, which are designed to govern the practices of the world's sovereign-wealth funds.

The overseas view of CIC as a government investor has posed a challenge to the fund's acquisition plans, Mr. Gao said, but he reiterated that CIC doesn't aim to make any strategic investments and is a purely financial investor seeking profits.

CIC officials have said concerns about national economic security in developed nations are hindering CIC's overseas acquisition plans.

Mr. Gao said CIC typically makes investments worth at least $100 million, because it doesn't have sufficient staff to analyze smaller deals.

Mr. Gao didn't say whether the sovereign-wealth fund has a targeted level on its investments in developing economies.

In October, CIC took a 45% stake in Russia-based **Nobel Oil Group** for $300 million.

The sovereign-wealth fund's investments in companies from developed economies this year include its $1.58 billion investment for a 15% stake in **AES** Corp. in October, and its $1.5 billion investment in Canadian mining company **Teck Resources** Ltd. for a 17.2% stake in July.

—Victoria Ruan contributed to this article.

GM prepares to close Saab

Netherlands-based Spyker makes new offer after talks collapse to save Swedish operation

General Motors Co. said it had received several new inquiries about its Saab business but still planned to wind it down, after talks collapsed with as Dutch sports-car maker **Spyker Cars** NV.

*By **Vanessa Furhrmans**, **Steve McGrath** And **Sharon Terlep***

Spyker made a new offer in hopes of overcoming the obstacles that caused talks to collapse. The U.S. auto maker on Friday said unidentified and unsolvable issues had arisen in plans to sell the Swedish business to Spyker.

"We have made every effort to resolve the issues that were preventing the conclusion of this matter and we have asked GM and all other involved parties to seriously consider this offer," Spyker Chief Executive Victor Muller said.

GM said Sunday it had received several inquiries about Saab and it was looking at all the offers. GM didn't disclose the other parties interested in Saab.

"Should something concrete develop, we'll consider it, but in the meantime we're making the wind-down preparations," GM Vice President John Smith, who is leading Saab talks, said by email.

Following the deal's collapse on Friday, Mr. Smith said it is possible one or more parties may be interested in buying part of Saab, such as new models that have yet to launch.

Spyker said its new 11-point proposal addresses each of the issues that arose during the due-diligence process and would "remove each of the obstacles that were standing in the way of a swift transaction." It said the new offer was valid until 5 P.M. Detroit time Monday.

GM had given itself a final chance to complete a sale of the quirky, 62-year-old, luxury auto maker by year's end.

The death of the brand, which has a small but devoted following, would be the second time this year that GM's plans to sell an ailing brand have collapsed. Its efforts to sell Saturn also failed, and the company reversed plans to sell its European car maker, Opel.

While bidders could still emerge for Saab's remaining assets, including two yet-to-be-launched models, GM's announcement ushers the car manufacturer spawned from a Swedish plane maker to the junkyard along with Saturn and Pontiac.

It appears Saab was too small a following to attract large auto makers looking for scale in a global recession.

The potential buyers it did attract, such as Swedish car maker **Koenigsegg Group** AB, ran into trouble financing the acquisition.

Few of the car brands that have met their demise this year stirred the passions among car lovers that Saab did.

Saab's offbeat Scandinavian style and unique features, such as an ignition placed between the front seats, won it a small but loyal following in the U.S., where it has been a favorite among the academic set.

"It's a sad news day for Saab owners," said Chris McPherson of Cumming, Ga., who has owned a Saab on and off since he bought his first one, a 1967 Saab 96 sedan, right out of high school in 1973.

GM's announcement also means that little is left of Sweden's once venerable car industry, and what remains may soon be acquired by Chinese car makers. **Ford Motor** Co. remains in talks to sell its Volvo unit to China's **Zhejiang Geely Holdings Group**.

GM executives said Friday that their decision to shutter Saab's operations wouldn't affect plans to sell some intellectual property and equipment for old Saab models to **Beijing Automotive Industry Holding** Co.

Disposing of Saab is part of a broader GM strategy to slim down and focus on the four brands—Chevrolet, Cadillac, GMC and Buick—that it believes are its strongest.

But GM's decision drew a sharp response from Swedish government officials who had been involved in the last-ditch talks to save Saab.

Most of the 3,400 people Saab employs world-wide work at its main plant in Trollhattan, Sweden.

"GM could have done much more to help Saab," Swedish Enterprise Minister Maud Olofsson told reporters.

Mr. Muller, the Spyker CEO, said GM had declined to extend its self-imposed deadline, contending that his company had lined up most of the required financing, though it was still awaiting approval for a €400 million, or roughly $575 million, loan from the European Investment Bank. He said Sunday that the new offer eliminated the need for a loan from the bank.

GM's European chief, Nick Reilly, said Saab, which has roughly 1,100 dealers, would continue to pay its debts, such as payments to suppliers. It will also honor warranties and provide service and parts to current Saab owners.

Though GM wouldn't elaborate on a timetable for winding down the operations, it said the process would start in January.

GM bought a 50% stake in Saab—founded in 1937 to build planes for the Swedish Air Force—20 years ago and took full ownership in 2000.

But Saab's earlier models and their design and engineering idiosyncracies—such as their outsized rear hatches and the ignition locks—are what attracted legions of Saabophiles.

So did Saab's reputation as a safety pioneer: Its cars were the first to be fitted with safety belts and impact absorbing bumpers.

Many analysts say GM's takeover of Saab led to better produced cars. But it also dulled the brand's distinct luxury image, and the American parent failed to freshen up Saab's model lineup in recent years.

GM began the search for a buyer for Saab in January as it teetered on the brink of bankruptcy and decided to shed four of its eight brands.

Last month, though, the company reversed plans to sell its European car brand Opel to a group led by Canadian auto supplier **Magna International** Inc.

Shedding brands

1976 Pontiac Firebird Trans Am

PONTIAC: GM is phasing out the brand; it did not seek a buyer.

2001 Saturn L300

SATURN: GM will shut it down after the deal to sell it to Penske Automotive fell apart.

2009 Saab 9-3 Aero

SAAB: The Swedish auto maker will be closed after the collapse of two deals to sell it.

2004 Hummer H2

HUMMER: GM has a tentative deal to sell it to a Chinese heavy-equipment maker.

General Motors (3); Associated Press (Hummer)

Cadbury rallies shareholders against Kraft

By Cecilie Rohwedder And Jeffrey McCracken

Cadbury PLC's chief executive said Friday his company's shareholders don't embrace **Kraft Food** Inc.'s $16.2 billion offer to acquire the British confectionery company.

Cadbury has publicly stated it considers the current Kraft bid too low. "Shareholders seem unimpressed with Kraft's current offer," CEO Todd Stitzer said between meetings with investors in New York on Friday that followed similar meetings in the U.K. this week.

"They seem to be saying that Kraft's offer undervalues Cadbury," Mr. Stitzer said.

Mr. Stitzer's remarks capped a week of intense lobbying against Kraft's takeover bid by Cadbury, which makes chocolate, chewing gum and candy.

After visiting a "statistically significant" number of shareholders in London and New York this week, investors "seem fully supportive of the Cadbury position that the offer is too low," Mr. Stitzer said.

That group includes hedge funds and other, recent buyers of Cadbury shares. He declined to say at what price investors indicated they would support a takeover. A spokesman for Kraft declined to comment.

On Monday, the British company issued its official defense document against Kraft's bid. In it, Cadbury committed to new, ambitious targets for sales growth and profit margins.

Kraft has questioned Cadbury's growth projections. Among other things, Kraft questioned how Cadbury would reach its revenue growth targets, and how it would deliver its new margins without further restructuring costs.

Kraft has until Jan. 19 to make its final offer. It needs to have the approval of a majority of Cadbury stockholders by Feb. 2.

On Friday, Cadbury shares fell 33 cents, to $50.68, while Kraft shares rose 13 cents, to $27.01, on the New York Stock Exchange.

Since Kraft made its initial approach to Cadbury, no additional bidders have entered the fray. **Hershey** Co. and Italian chocolate maker **Ferrero** SpA have acknowledged that they are considering a rival bid for Cadbury. Hershey has lined up billions of dollars in financing for a potential bid.

A combination of Kraft and Cadbury would eclipse **Mars** Inc. as the world's biggest confectionery company. It would leave Hershey second in the U.S. chocolate market, but forge a powerful rival in Europe.

INDEX TO BUSINESSES AND PEOPLE

Businesses

This index of businesses mentioned in today's issue of The Wall Street Journal is intended to include all significant reference to companies. First reference to the companies appears in bold face type in all articles except those on page one and the editorial pages.

AES....19
Agile Property....24
Allianz SE....23
All Nippon Airways....12
Aluminum Bahrain....25
Archer Daniels Midland....26
Bain Capital....22
Bank of America....30
Bank of China....30
Beijing Automotive Industry Holding....20
Boeing....12
Brookside Capital....22
Cadbury....20
Caterpillar....19
Chengwei Ventures....22
Chevron....26
China Investment....19,23
China Resources Land..24
China Vanke....24,26
Cisco Systems....19
Citigroup....30
Coca-Cola....26
eBags.com....22
Ernst & Young....21
Exxon Mobil....26
Ferrero....20
Ford Motor....20
Fuji Heavy Industries...12
Gemdale....26
General Motors....20
GMO....26
Google....22
Hershey....20
ICICI Bank....24
Intel....26
JAL....12
Kawasaki Heavy Industries....12
Koenigsegg Group....20
Kraft Foods....19,20
La Martinière....22
Las Vegas Sands....3
Macquarie Group....21
Macquarie Infrastructure Group....21
Magna International....20
Marshall & Ilsley....30
Mars....20
Maverick Capital....22
Microsoft....19
Mitsubishi....24
Mitsubishi Heavy Industries....12
Nobel Oil Group....19
Novartis....32
Pacific Ethanol....26
Pacific Investment Management....23
Pimco....23
Poly Real Estate Group24
Rusal....23
Shimao Property....24
Singapore Telecommunications..21
Sojitz Group....25
Spyker Cars....20
State Administration of Foreign Exchange....23
State Bank of India....24
Sumitomo Metal Mining....24
Teck Resources....19
Telstra....21
TPG Capital....23
Tudor Investment....23
United Technologies....19
Valero Energy....26
Wells Fargo....30
Westpac Banking....24
Wynn Resorts....3
Yelp....22
Youku.com....22
Zhejiang Geely Holdings Group....20

People

This index lists the names of business-people and government regulators who receive significant mention in Today's Journal.

Barthez, Valerie....22
Bhalla, Reva....30
Birley, Patrick....6
Biyani, Kishore....1
Carnoy, Lisa....23
Cobb, Peter....22
Colombet, Philippe....22
D'Agostino, Anthony....6
Danssaert, Peter....1
Dohke, Eiji....5
Fang, Matthew....26
Feldman, Ben....6
Finardi, Sergio....1
Fox, Thomas B. Jr....23
Gambera, Michele....19
Gao Xiqing....19
Gledhill, Richard....6
Goetzmann, William....19
Grantham, Jeremy....26
Gross, William....23,26
Hasegawa, Naomi....24
Hatzius, Jan....25
Horowitz, Ian....26
Hu, Johnson....26
Jones, Charles....19
Kachan, Dallas....6
Koo, Victor....22
Lee, Elizabeth....1
Liu, Jinming....26
Lu, Bill....23,26
Major, Steven....25
Nekvapil, Ivo....1
Neumann, Frederic....1
Peevey, Michael....6
Piasecki, Nicole....12
Riisgaard, Steen....6
Rundell, Scott....24
Shiller, Robert....26
Smith, Greg....30
So, Larry....3
Stanley, Stephen....25
Stitzer, Todd....20
Ueno, Yasunari....24
Vasella, Daniel....32
Wong, Carson....24,25
Zhang, Jacky....24
Zhu, Changhong....23,26

Telstra dials back revenue forecast

By Lyndal McFarland and Rachel Pannett

CANBERRA, Australia—Australia's **Telstra** Corp. warned Friday that its first-half sales revenue would be lower than a year earlier and cut its full-year guidance amid increasingly tough competition in its home market.

Separately, the telecommunications giant and the Australian government reached an agreement on a a broad framework under which Telstra could migrate its customers to a planned multibillion-dollar national high-speed Internet network.

But the vague terms fall short of a government goal of sealing an airtight agreement with Telstra before the end of the year, which would have ensured that its planned $43 billion Australian-dollar (US$38.3 billion) open-access fiber network becomes a reality.

Telstra said it now expects sales revenue for the year to June 30 to be "flattish," after previously forecasting growth in the low single digits. The company pointed to increasing competition in the broadband sector and "very competitive" mobile offers from rivals for the weaker-than-expected growth. Rivals including **Singapore Telecommunications** Ltd.'s Optus division have been gaining share of the Australian mobile market, helped by offers involving Apple Inc.'s iPhone.

Telstra also said there has been an accelerated move to wireless-only homes, which is hurting its revenue from both fixed-line telephone and broadband products. Meanwhile, the strength of the Australian dollar and tough operating conditions in Hong Kong, where it owns the CSL mobile network, are also dragging on sales, Melbourne-based Telstra said in a statement.

The forecast comes as Telstra faces a challenge from the government's plans to create the national high-speed network. Many analysts believe securing Telstra's support is key to the new network's success. Telstra is the country's biggest telecommunications firm by revenue and subscribers, and having its support would remove the network's biggest competitive threat.

More Australians also are eschewing fixed-line phone and Internet services in favor of wireless technologies. That not only imperils Telstra's traditional fixed-line revenue base, but raises questions about whether the government's own broadband plan will attract the kind of traffic that justifies the huge expense of delivering fiber to homes across a massive and sparsely populated continent.

The government argues its new network will provide much more than telecommunications services and aid in the delivery of health and education services to remote communities, for one. But Telstra is unlikely to give up its current market-dominating position for any network that falls short of delivering a commercial rate of return.

Communications Minister Stephen Conroy Friday said any deal with Telstra will need to deliver "improved competitive outcomes" during the transition to the new fiber network. That is likely code for restricting Telstra from using its existing assets to go head-to-head with the government network.

Mr. Conroy said he "remains optimistic" of reaching a "mutually acceptable" outcome despite the many complex issues still at stake. But both sides stressed they are far from inking a deal. "Given the importance and complexity of the issues being discussed, it is too early to determine whether any final agreement between the parties will be reached or approved by all relevant stakeholders and regulators," Telstra said.

DAILY SHARE PRICE
Telstra
Friday's close: **A$3.43, down 3.4%**

Source: Thomson Reuters Datastream

Directors back Macquarie split into two firms

By Bill Lindsay

SYDNEY—Global toll-road operator **Macquarie Infrastructure Group** said Friday its independent directors recommended its investors approve a proposed split into two separately listed companies.

The company said ithat if security holders approve the deal at a Jan. 22 vote, they will receive one security in a new stand-alone entity called Intoll and five securities in Macquarie Atlas Roads for each security in MIG they hold.

Macquarie Atlas Roads will continue to be managed by Australian investment firm **Macquarie Group** Ltd. MIG will pay Macquarie Group an estimated 103.9 million Australian dollars ($92.5 million) to implement the restructuring and sever its management of Intoll. **Ernst & Young** also said it considers the restructuring to be in the best interests of MIG security holders.

The restructuring continues Macquarie Group's move toward growing as a global investment bank rather than as a specialized funds manager. For more than a decade, Macquarie Group has been buying assets with large amounts of debt and spinning them off into funds from which the bank collects management fees.

Yet the seizing up of global credit markets and the volatility in the share prices of these funds have since made the investment strategy less profitable for the bank. The global economic slowdown has also hurt the cash flows of many infrastructure assets, which have also faced more difficulty and higher costs in refinancing debt. The terms of the restructuring are in line with the proposal unveiled on Oct. 30.

The internally managed Intoll will include MIG's two most mature and financially stable toll-road interests, its 30% of Canada's 407 ETR and 25% of Sydney's Westlink M7. These roads were valued by MIG at A$3.71 billion as of June 30, with the stake in the 108-kilometer 407 outside Toronto accounting for 90% of this value.

Macquarie Atlas Roads will hold MIG's remaining seven roads, primarily located in the U.K., U.S. and France, and will continue to pay Macquarie Group an ongoing, but restructured, management fee.

The following "Growing Enterprises in Asia" rely on **The Wall Street Journal Asia's** unique combination of insight and analysis every business day.

❖ HONG KONG

Aedas
31/F One Island East, 18 Westlands Road,
Quarry Bay, Hong Kong
Tel: +852 2861 1728
Fax: +852 2529 6419
Email: hongkong@aedas.com
Website: aedas.com
Architecture, Interiors, Urban Design and Landscape

LIGHTism Ltd
2104C Tower One, Admiralty Centre,
18 Harcourt Road, Hong Kong
Tel: (852) 2258-6331
Fax: (852) 2840-0697
E-mail: lightism@netvigator.com
Website: www.lightism-global.com
LIGHTism supplies Quality Products - all round service from lighting, flooring and furniture

Korchina TNC Limited
Rm 706, South Seas Centre,
Tower 2, TST E,
Kowloon
Tel: (852) 3913-9517
Fax: (852) 3153-4108
Email: korchinatnc@korchina.com
Website: www.korchinatnc.com.hk
Corporate Services (HK & Offshore Cos)

Cliftons Ltd
33/F, 9 Queen's Road Central,
Hong Kong
Tel: (852) 2159-9999
Fax: (852) 2159-9998
Email: enquiriesasia@cliftons.com
Website: www.cliftons.com
Cliftons Training Facilities

Conceptech Interior Ltd
Room 1804, 18/F 38 Plaza, 38 Shan Tung St
Tel: (852) 2314-8279
Fax: (852) 2319-0699
Email: info@conceptech.com.hk
Website: www.conceptech.com.hk
Interior Design & Decoration

Tyche Group
Suite 1805 & 1807, 18/F Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong
Tel: (852) 2525-3639 Fax: (852) 2525-3679
Email: contact@tyche-group.com
Website: www.tyche-group.com
Independent Financial Advisory.
We offer tailor-made financial planning, investment advice, Portfolio management for long term financial objectives.

FRA Limited
605A-B 6/F InnoCentre, 72 Tat Chee Avenue,
Kowloon Tong, Hong Kong
Tel: (852) 2527-3088 Fax: (852) 2527-3077
Email: info@fragroup.com
Website: www.fragroup.com
Interior Design, Strategic Planning, Project / Facilities / Brand Management

Qi Limited
55/F Bank of China Tower, 1 Garden Road,
Central, Hong Kong
Tel: (852) 2263-0910
Fax: (852) 2802-0981
Website: www.qi-ltd.com
A Multinational Conglomerate

Royale Asia/ The Hong Kong Delivery Company
Unit 01-02, 26/Fl, One Kowloon,
Kowloon Bay, Hong Kong
Tel: +852 2318 0370
Fax: +852 2819 0193
General Email: info@royaleasia.com
Sales Enquiry: sales@royaleasia.com
Website: www.royaleasia.com
International Courier Service Provider

JCAW Consultants
11/F Leelong Building, 4 Queen Victoria Street,
Central, Hong Kong
Tel: +852 2524 9988
Fax: +852 2524 4388
Email: jcawltd@biznetvigator.com
Interior designs, landscapes, waterscapes, constructions, project management, quantity survey

Junefair Engineering Co Ltd
Units 201-4, 2/F Hong Leong Industrial Complex,
4 Wang Kwong Road, Kowloon Bay, Hong Kong
Tel: +852 2359 8000
Fax: +852 2359 8099
Email: infor@junefair.com
Website: www.junefair.com
Building Services Engineering

Canning Decoration Company Limited
Unit P, 11/F Phase 2, Kwun Tong Ind. Bldg.,
460-470 Kwung Tong Road, Kwun Tong
Tel: +852 2357 4488
Fax: +852 2247 1940
Email: general@canning.com.hk
Website: www.canning.com.hk
Design, Renovation, Decoration

Elite Executive Interim Management Limited
Suites 2410-11, Shell Towers, Times Square,
1 Matheson Street, Causeway Bay, Hong Kong
Tel: +66 (0) 2253-7205
Fax: +66 (0) 2253-7205
Email: info@eeinterim.com
Website: www.eeinterim.com
Asia Pacific focus Executive Interim Management

Asia Jet
1/F Hong Kong International Airport, World Trade Centre
1 Sky Plaza Road
Lantau, Hong Kong
Tel: +852 3756 3700
Fax: +852 3756 3599
Email: WSJEnquiry@AsiaJet.com
Website: www.AsiaJet.com
Private Jet Charter

❖ PHILIPPINES

Planwell Technology, Inc.
Provides Business Service Management Strategy
18/F Tower I, The Enterprise Center
6766 Ayala Ave. cor. Paseo de Roxas
Makati City, 1226
Tel: (632) 750-7631
Fax: (632) 750-7630
Website: www.planwell.net

BayanTrade, Inc.
2/F Building 6, Bonifacio High Street,
Bonifacio Global City, Taguig City 1634
Philippines
Telephone: +63.2.7847700 (Manila)
Fax: +63.2.7847744
Email: marketing@bayantrade.com
Website: http://www.bayantrade.com

CIE Makati Extension Campus
CIE Goldtower, 107 Palanca Street
Legaspi Village, Makati City 1229
Makati: +63 2 8880909/+63 2 8120909
Cebu : +63 32 2332500/+63 32 2332555
Email : dolly.tuason@cie.edu
Website : www..cie.edu

MEDIA-METER INC.
The country's premiere
online media-monitoring firm
No.94 Scout Castor, Brgy Laging Handa,
Quezon City
Tel: (632)332-1031, (632)376-6643,
(632)376-5423, (632)794-1641
Email: info@media-meter.com
Wesbite: www.media-meter.com

You have the power to make a change!
Call us about a **POPSHOP** Franchise today
At (02) 687-5567 locals 111 or 106 or text
0918-8367254 or log on to www.popshop.com.ph
4/F Millenium Place Bldg.
Meralco Avenue, Ortigas Center
Pasig City 1600

Kabalikat para sa Maunlad na Buhay, Inc.
(Partner for a progressive life)
12 San Francisco St. Karuhatan,
Valenzuela City 1441
Tel: + 63 2 241.1484 to 86
Fax: + 63 2 292.2441
Email: rmc@kmbi.org.ph
Website: www.kmbi.org.ph
Our main business is holistic transformation.

❖ PHILIPPINES

Entrepreneurs School of Asia
#27 Calle Industria, Bagumbayan Libis,
Quezon City
Tel: 638-1188; 0917-8556236; 638-2680
Email: AVFELICIANO@ENTREPRENEUR.EDU.PH
Website: www.entrepreneur.edu.ph
School

Ahead Tutorial and Review Center
Quezon City, Ortigas Center, Makati
Tel: 4260034 to 35
Fax: 4390900
Email: info@ahead.ph
Website: www.ahead.ph
Test Preparation, Tutorial for all ages

Cambria Software Philippines, Inc.
Custom Software and Website Design
4/F Glass Tower Bldg., 115 C. Palanca St.
Legaspi Village, Makati City 1229
Tel: +632 8131126
Email: sales@cambria.com
Website: www.cambria.com

Lingua Interpret Academy, Inc.
Unit 2601, Antel Global Corporate Center
Dona Julia Vargas Avenue
Ortigas Center,
Pasig City
Tel: 632-6673580/632-6376611
Website: www.lipa.co.kr

❖ THAILAND

B.F.M. Company Limited
779/24 Pracha-Uthit Road,
Samsennok, Huaykwang,
Bangkok 10320 Thailand
Tel: +66 (0) 2 691 7420 to 2
Fax: +66 (0) 2 691 6005
Website: http://www.bfm.co.th

❖ SINGAPORE

AEW Asia
6 Battery Road, #21-01, Singapore 049909
Tel: (65) 6303-9000
Fax: (65) 6303-9005
Email: kng@aew.com
Website: www.aew.com
Property Fund Management

THE WALL STREET JOURNAL. ASIA

To Participate in the SMEs Listing, please email to: Emmanuel.Atienza@dowjones.com.

CORPORATE NEWS

Snowstorm deters shoppers

Some traffic may have shifted to retailers' Web sites on critical Saturday before Christmas

By Rachel Dodes And Ann Zimmerman

NEW YORK—Shopping malls that had closed on Saturday in New Jersey, Philadelphia and the Washington, D.C. region after a massive snowstorm that slammed the eastern U.S. were once again open for business on Sunday.

Scott A. Bernhardt, chief operating officer of Planalytics, a weather consultancy, said retailers saw a surge of business on Friday as consumers rushed to the stores in advance of the coming storm.

On Sunday, he said, traffic will likely spike again because roads will be plowed in time to accommodate shoppers. However, he said that won't make up for the sales declines and store closures on Saturday. "You want as many days as you can get to shop," said Mr. Bernhardt. "This isn't going to put anyone out of business but it hurts a lot."

Flurries started early on Saturday and some areas saw more than two feet of snow, according to the National Weather Service.

"Super Saturday," the last Saturday before Christmas, is typically one of the biggest shopping days of the year, with an estimated $15 billion changing hands, according to Planalytics. The Northeastern U.S. accounts for at least a quarter of those sales.

This year, the highly anticipated weekend was expected to be even more crucial to the retail industry. Shoppers procrastinated in hopes of seeing the radical markdowns of last year. But retailers headed into the weekend feeling relatively positive, as they had planned inventories more conservatively this year, reducing the need to resort to sharp discounts to move excess items. Analysts had expected sales to be relatively flat this holiday but profits to climb on increasing margins.

Associated Press

A worker clears snow in New York after a storm that likely hurt many retailers.

If shoppers stayed home, that prediction is in danger. Some sales may move to retailers' Web sites, but the e-commerce season had been expected to taper off after Friday, the last day of some free-shipping deals.

E-Commerce sites did better business than they had expected to on Saturday, but executives didn't know how much to attribute to the snowy weather on the East Coast.

eBags.com Inc. had steady sales increases throughout Saturday, said Peter Cobb, the chief executive. "It has turned into a great sales day." He said sales were up 39.4% from the same day last year.

Neel Grover, the chief executive of Buy.com Inc., said sales on Saturday were as strong as they have been for the whole season. He said the site was also running a free two-day shipping promotion. "I would assume the combination [of the weather and the promotion] is helping," he said.

For mall-based retailers, "In parts of the country, [the storm] set us back to last year," when there was one less day between Super Saturday and Christmas, said Madison Riley, managing director at Kurt Salmon Associates, a retail consultancy.

To make up for lost sales, retailers will likely extend their hours in coming days in the Northeast. Many will also add selective in-store promotions for categories of goods that are overstocked, he said.

With only four full shopping days left, "there's not enough time to plan and execute" a big promotional event, said Mr. Riley. "But you can do point of sale promotions."

Airport travel, meanwhile, was affected. Delays were reported at Charlotte-Douglas International Airport, and flights from Raleigh-Durham International Airport to the New York area on Delta Airlines and Continental were cancelled, airport spokesman Andrew Sawyer said .Mr. Sawyer also said Southwest Airlines scratched flights to Baltimore-Washington International Thurgood Marshall Airport and United Airlines cancelled flights to Washington Dulles International Airport.

—Geoffrey Fowler, Kathy Chen, David Wessel, Veronica Dagher and Mary Ellen Lloyd contributed to this article.

Youku.com gets $40 million in new funding

By Loretta Chao

BEIJING—**Youku.com**, one of China's largest video Web sites, raised $40 million in new funding, a nod of confidence that the medium will continue to grow in China as companies shift further away from the user-generated videos for which they were once known.

Youku Chief Executive Victor Koo said the new funds will go toward expanding its offerings of licensed professional video and content made exclusively for the Internet. Youku will also invest more in mobile video, he said.

The latest funds came from existing investors, including **Chengwei Ventures** LLC, **Maverick Capital** and **Brookside Capital**, an affiliate of **Bain Capital** LLC. Beijing-based Youku says it has now raised $110 million in private-equity funding, plus $10 million from debt, from those and other investors since it was founded in 2006. Youku said it is also in talks to raise as much as $40 million in additional funds.

Youku and other popular Chinese video sites started as video-sharing platforms, like **Google** Inc.'s YouTube, on which users could upload and watch videos. They were known for turning some contributors into overnight stars—including the Back Dorm Boys, who recorded themselves lip-synching to pop songs.

But more recently the Chinese sites have refocused on professionally produced content like serial dramas and entertainment shows. Their new model is more similar to Hulu, a video Web site in the U.S. that gives users free access to TV shows and other video. (Hulu is a joint venture between NBC Universal, which Comcast Corp. will gain control of in a deal with General Electric Co., and News Corp., which owns The Wall Street Journal.) Today, Youku estimates that 70% of the content on its site is professionally produced and licensed from more than 1,500 content partners.

Mr. Koo said user-generated video is less developed in China in part because the culture of recording and producing home videos is newer here. "Online video[s] in China are based more on professional, long-form video than in the U.S. due to...the relative brief history of user-generated, short-form video here," Mr. Koo said in an interview.

According to the China Internet Network Information Center, 66% of the 338 million Internet users in China as of June used online video. Youku, which says it has attracted 350 brand advertisers so far, expects revenue this year to surpass 200 million yuan ($29 million). But Mr. Koo declined to estimate when the company will become profitable.

Mr. Koo said Youku will also invest more in mobile video technology in an effort to take advantage of growing use of China's newly launched third-generation mobile technology, which allows high-speed data services like streaming video. The Chinese government last month said there were almost 10 million 3G users. Youku, Tudou and other Chinese video Web sites also have been known to carry pirated content uploaded by their users, like unlicensed TV shows and films. Mr. Koo said the company works with the Motion Picture Association of America and employs an identification technology that will allow it to filter out this content.

Google loses French book copyright suit

By Max Colchester And Jessica E. Vascellaro

A French court found **Google** Inc. guilty of copyright infringement for scanning books and putting extracts online without a French publisher's consent, a ruling that could hinder the Internet giant's drive to create a global online library.

Google said it would abide by the Friday ruling for now but appeal. The court ordered the company to pay €300,000 ($430,000) to French publisher **La Martinière** and to remove online extracts of its books.

Separately, Google is in discussions to buy **Yelp** Inc., a start-up that provides reviews of local businesses, according to people familiar with the matter. The companies have yet to reach a deal, which could be for at least $500 million, according to one of the people.

The Paris court ruling, which is the first of its kind in France and applies only to that country, could set a legal precedent for any future copyright-infringement cases by French publishers, said Valerie Barthez, head of the legal department at the French publishers' association Société des Gens de Lettres de France, one of the plaintiffs.

Philippe Colombet, head of Google Books in France, said the company "regrets" the Paris court's decision. He added that the ruling only regards La Martiniere books and that Google will still continue to offer extracts from books published by companies with which Google has signed partnerships.

Google has been working for several years to make an array of books available online through its search engine. Since 2004, the company has been working with U.S. libraries to digitize millions of books. Google has also signed partnerships with several European publishers to have extracts from their books put online.

In 2006 La Martinière, which owns the Abrams publishing house in the U.S., sued Google, saying the search engine should seek authorization and pay to publish its books online. French author and publisher groups later joined the lawsuit.

Société des Gens de Lettres de France and authors' group Syndicat National de L'Edition—which includes France's biggest publisher Hachette Livre—subsequently joined the lawsuit. According to the ruling released on Friday, the parties originally demanded that Google be fined a total of €15 million.

"This wasn't just about money, it was about a moral right," said Tessa Destais, a spokeswoman for La Martinière.

The ruling comes as Google is preparing to defend a settlement it struck with two U.S. author and publisher groups before a federal court early next year. The settlement, which aims to resolve copyright lawsuits the groups filed against Google in 2005, gives Google the right to distribute and sell digital copies of out-of-print books it scanned, in exchange for sharing some revenue with the copyright holders.

Reuters

Yann Colin, a La Martinière lawyer, after Friday's ruling in Paris.

Google had originally sought for the settlement to include millions of works by foreign rights holders that it scanned from U.S. libraries, although the settlement only gave Google permission to distribute those works in the U.S. However, it decided to confine the settlement to books registered with the U.S. Copyright Office — or published in the U.K., Canada and Australia - in response to fierce criticism from French and German governments. Paris and Berlin argued that the settlement didn't represent their interests, and that Google's efforts to amass a large database of works threatened their cultural heritage.

While the French ruling has no impact in the U.S., it was welcomed by a U.S. group representing authors. "We agree that this is an infringement. It's a good ruling," said Paul Aiken, executive director of the Authors Guild. Mr. Aiken said the ruling in France doesn't directly affect the situation in the U.S.

Regarding Google's interest in Yelp, a Google spokesman declined to comment. A spokeswoman for Yelp, based in San Francisco, said it "does not comment on private discussions that may occur." The talks were first reported by TechCrunch, a technology-industry Web site.

—Jeffrey A. Trachtenberg and David Gauthier-Villars contributed to this article.

Pimco's Zhu accepts China forex position

A key hedge-fund manager and derivatives specialist at **Allianz SE**'s **Pacific Investment Management** Co. is leaving the firm to help manage China's foreign-exchange reserves.

Changhong Zhu, who heads **Pimco**'s derivatives desk, has accepted a position as chief investment officer of the reserve-management department at China's **State Administration of Foreign Exchange**, which manages over $2 trillion of foreign-exchange reserves.

Bill Gross, Pimco founder and its co-chief investment officer, on Jan. 1 will temporarily assume oversight of the firm's Absolute Return Strategies, or PARS, the series of hedge funds currently managed by Mr. Zhu. Until he leaves the firm in late February, Mr. Zhu will remain involved in day-to-day management of the portfolios.

"While we are sad to see Changhong leave Pimco, we are proud that his leadership and investment abilities are being recognized in his appointment to such an important role in his country," the Newport Beach, Calif.-based company said in a statement Thursday.

Pimco said Mr. Zhu wasn't available for comment.

SAFE, in a faxed response to questions late Friday, said "We are very happy to have Mr. Zhu Changhong join the foreign-exchange reserves management team, to contribute his investment ability and experience."

Mr. Zhu's move comes as China's state agencies are seeking to upgrade their pool of investing talent. Other Chinese state agencies such as sovereign-wealth fund **China Investment** Corp. and pension fund **National Council for Social Security Fund** are recruiting investing professionals from overseas. China Investment Corp. recently hired **Tudor Investment** Corp.'s Bill Lu to manage its investments with hedge funds.

Managing China's overseas assets also has become more interesting. As China's foreign-exchange reserves have ballooned in recent years, the Beijing government has decided to switch more of those reserves from ultrasafe assets such as U.S. Treasurys to riskier ones such as publicly traded stocks and private-equity funds.

Before the global financial crisis, SAFE began experimenting with taking small stakes in global energy companies and financial firms. It also committed funds to private equity, such as an investment in a **TPG Capital** fund focused on investments in financial-services firms.

Those investments suffered in the crisis and SAFE appears to have slowed its new forays in those areas, although it is impossible to know the degree as its balance sheet is a closely guarded state secret. SAFE has recently taken some small steps toward greater transparency in explaining its reserve-management philosophy.

Pimco will search both internally and externally for a manager to permanently succeed Mr. Zhu on the PARS funds, according to a source familiar with the matter. Management of the funds is based largely on the firm's macroeconomic views.

Though derivatives play a major role in Pimco investment strategies, the departure of Mr. Zhu shouldn't be a major blow, says Eric Jacobson, director of fixed-income research at investment-research firm Morningstar Inc. "There are so many rock stars in that place," he says. What's more, Pimco has been aggressive about hiring new portfolio managers and analysts through the financial crisis.

Mr. Zhu joined Pimco as a trader and derivatives specialist in 1999. He is a member of the investment committee, which develops the firm's macroeconomic outlook, and manages roughly $23 billion in assets. Pimco had about $940 billion in assets under management as of Sept. 30.

In addition to PARS, he helps manage separate accounts using both the firm's StocksPLUS strategy, which combines index derivatives and bonds, and an international bond strategy.

Issuers eye long-term buyers

By Lynn Cowan

IPO OUTLOOK

During the U.S. IPO market's slow recovery this year, new public companies have become more focused than ever on which investors they want owning their stock.

Money managers who already hold the shares of an initial public offering's competitors are prized. Those with no track record of investing in that particular industry are scrutinized. As the day of launch draws near, the goal is simple: have enough buyers lined up who believe there is some value in sticking with the company for the long haul.

"Issuers are particularly focused on identifying and marketing to long-only investors, often from the mutual-fund complexes. Hedge funds are generally viewed as important but more incremental in today's market," says Thomas B. Fox Jr., head of global capital markets for the Americas at UBS AG.

Long-only buyers—those who tend to hold stock rather than flip it on the first day—have always been critical participants in successful new issues. Mr. Fox says issuers "focus less on allocations when every deal is doing well than when they do in a more differentiating market period like we are in today."

The investor population has changed a lot since the global economic crisis began, with more hedge funds and smaller institutions shutting their doors.

Mutual funds, considered an important source of long-only investment, have fared better. Bankers couldn't be happier about what they have seen during roadshows.

"We've been amazed at the number of long-focused mutual funds, asset managers and pension funds interested in IPOs. The number of participants and their order sizes are bigger than ever. In terms of mutual funds, we're seeing eight, nine and 10 funds participating within a single fund family," says Lisa Carnoy, global head of equity-capital markets for Bank of America Merrill Lynch.

December proved to be miserable month for drumming up demand for IPOs, with five of the six stocks that debuted pricing below their expected ranges.

Rusal gets conditional OK

By Amy Or

HONG KONG—Russian aluminum company UC **Rusal** has gained listing approval from the Hong Kong securities regulator on its planned US$2 billion offering, allowing it to list in the city as early as the end of January, people familiar with the situation said Friday.

But the green light was given on the condition that it won't sell the deal to individual investors, in a bid to "protect" them from the complexities of the deal. Rusal, which has also applied for an IPO on the Euronext exchange in Paris, earlier this month completed the restructuring of $7.4 billion in debt with more than 70 Russian and global banks.

Proceeds from the Paris and Hong Kong listings will be used to help pay off creditors.

Friday's decision was reached after the Securities and Futures Commission met earlier in the day to deliberate on the matter. The SFC is a quasi-governmental securities regulator.

"The SFC decision of no offer to retail investors via the Hong Kong public offering tranche does not have an impact on the company's target institutional investor group as well as on its listing plan and valuation," one person said.

As a result of the condition, only institutional investors and high-net-worth individuals who fulfill certain investment guidelines can participate in the offering. The people familiar with the situation didn't elaborate on the guidelines.

Bloomberg News

Rusal listing is expected to drop Chief Executive Deripaska's stake below 50%.

The Hong Kong Stock Exchange's listing committee already gave a conditional go-ahead for Rusal's offering Thursday, people familiar with the situation said earlier Friday, as Rusal gave reassurance that a US$4.5 billion loan, due in October next year, will be refinanced.

People close to the company said Thursday that Sberbank Rossia, the state-controlled savings bank, agreed to extend a multiyear loan to Rusal to allow it to repay a $4.5 billion rescue loan from another Russian state bank, Vnesheconombank.

The SFC's move caps a year in which the regulator intervened in some of Hong Kong's most closely watched corporate stories, often in unexpected ways. David Webb, a local shareholder activist, said Sunday that he didn't see a precedent for the move to restrict retail investors from participating in Rusal's IPO.

Mr. Webb, in a note on his Web site, called the prohibition from making a public offer "bizarre," saying that the public could buy shares in the secondary market but would be in a weaker legal position than investors who rely on a prospectus to subscribe to an IPO.

Enjoy **The Wall Street Journal Asia** at these fine hotels...

Holiday Season at Island Shangri-La

Visit www.shangri-la.com/island/christmase-brochure/ to view epicurean delights and festive gifts for Christmas and the New Year.

Reservations: 2820 8372

Island Shangri-La, Pacific Place
Supreme Court Road, Central, Hong Kong

Island Shangri-La HONG KONG

JW MARRIOTT

Pop in to Q88 Wine Bar
for Happy Hour
5:00 to 8:00 pm, Mondays to Fridays
(except Public Holidays)

Q88

MAIN ST. DELI

I wanna see you at Hong Kong's only authentic New York style deli!

Main St. Deli is your ultimate choice to experience traditional New York favourites in Hong Kong. Deli favourites such as salami, pastrami on rye, hot corned beef and chicken soup with matzoh ball are served in real New York style!

For more information, please contact 2375 1133.

Langham Hotel Hong Kong

Advent Celebration

Fabulous dining and parties
from 29 November to 25 December 2009
Festivities continue until the New Year rings in.
Call **2367 8800** for details or
visit our ticket counter in the hotel lobby.

Festive goodies and hampers for sale now.

Kowloon Shangri-La 64 Mody Road, Kowloon

THE WALL STREET JOURNAL. ASIA

Executive Dining features some of the leading hotel restaurants in Asia.
For more information about this program, please contact Mr. Philip Owens at
Tel: 2831-2570 | Fax: 2893-5090,
or visit www.wsj-asia.com to subscribe.

To Participate in the Executive Dining Program, please email to: philip.owens@dowjones.com.

MARKETS

Inflation comments push down Japan yields

By Takashi Mochizuki

TOKYO—Bond yields fell after the Bank of Japan said it won't "tolerate" a year-on-year change in the consumer-price index of 0% or less.

The remark will likely give long-lasting supporting to bond prices, pushing down yields, as it suggests the central bank will keep its accommodative monetary policy for a prolonged period, analysts said.

BOND MARKETS

"The comment was a surprise, and it led the market to bet the BOJ will be forced to introduce further easing policy steps if the economy deteriorates or the yen rises sharply again," said Naomi Hasegawa, a strategist at Mitsubishi UFJ Securities.

The benchmark 10-year yield shed 0.01 percentage point to 1.235%.

In a released document, the Bank of Japan said policy board members' understanding of medium- to long-term price stability is "a positive range of 2% or lower," and the board "does not tolerate a year-on-year rate of change in the CPI equal to or below 0%."

The central bank usually revises its view in April, and it previously said its understanding was a range of "approximately" 0% to 2%.

But analysts said the Bank of Japan's comment doesn't necessarily mean action is imminent. Rather, it is a clarification to show that the central bank's policy is in line with that of the government, as Tokyo has recently pressured the Bank of Japan to ease its policies further to combat deflation.

"The BOJ's previous statement on long-term price stability could be taken as if the BOJ is tolerating a negative CPI if it's slightly below 0%, so the BOJ, I think, just wanted to adjust the statement to avoid possible confusion and clearly express that it is a deflation fighter," said Yasunari Ueno, chief market economist at Mizuho Securities.

Separately, **Westpac Banking** Corp. priced two billion Australian dollars (US$1.77 billion) of residential mortgage-backed securities, twice the amount that was planned.

It signals a return of confidence to Australia's securitization market and could herald the reopening of an alternative source of funding for banks and other home-loan providers. It is the first such issue by a major lender in the domestic market since May 2007, although smaller, regional banks in Australia have raised funds through RMBS sales, without assistance from a government program to buy the securities.

Some analysts cautioned that the premium paid by Westpac, at 1.30 percentage point over the bank bill swap rate, is expensive funding.

"I don't think you will see the other three [major banks] rush to the market as a result given the level. It's not quite economical for them," said Scott Rundell, ING Investment Management's head of credit research,

Property firms sink market in Shanghai

By Colin Ng

Chinese property plays slumped on Beijing's latest steps to curtail rising property prices, sending the Shanghai Composite Index to its fourth consecutive decline on Friday.

Resources stocks were lower across Asia, tracking a sharp fall in metal prices on Thursday.

ASIAN-PACIFIC STOCKS

"The momentum appears to be petering out in recent weeks as U.S. economic numbers are still showing signs of pockets of weakness; there are also concerns on the withdrawal of economic stimulus and the potential destabilizing effects," said OCBC Investment Research in Singapore.

China's Shanghai Composite slid 2.1% to 3133.89, while Hong Kong's Hang Seng Index fell 0.8% to 21175.88. Both closed at their lowest levels in three weeks.

China has told property developers they must make a minimum down payment of 50% on land purchases from the government, and fully pay for the land purchases within one year of the sale agreement.

"The new rule on land purchase made investors very jittery, but the effect on trading in other sectors isn't rational," said Capital Securities analyst Jacky Zhang.

China Vanke fell 6% and **Poly Real Estate Group** skidded 7.5%, both in Shanghai.

Developers also slumped in Hong Kong. **Agile Property** fell 4.9%, and **Shimao Property** tumbled 5.2%. **China Resources Land** shed 4.1%.

In Mumbai, the 30-share Sensitive Index lost 1% to 16719.83, capping a loss of 2.3% for the week. Banks declined on continued fears of an increase in interest rates and expectations of weak quarterly results given the muted loan growth, dealers said. Private lender **ICICI Bank** dropped 2%, while **State Bank of India** fell 1%.

In Tokyo, the Nikkei Stock Average of 225 companies eased 0.2% to 10142.05, its fourth decline in the last five sessions. Miners and trading houses were hit by weaker commodities prices; **Sumitomo Metal Mining** dropped 3.1% and **Mitsubishi** Corp. lost 3.8%.

FUND SCORECARD

Asia-Pacific with Japan Equity

Funds that invest at least 75% of equities in Pacific Rim countries and at least 15% in Japan. At least 75% of total assets are invested in equities. Ranked on % total return (dividends reinvested) in U.S. dollars for one year ending December 18, 2009

Leading 10 Performers

FUND RATING *	FUND NAME	FUND MGM'T CO.	CURR.	LEGAL BASE	% Return in $US ** YTD	1-YR	2-YR	5-YR
3	**iShares DJ Asia/Pacific Select Dividend**	iShares Plc	USD	Ireland	**64.53**	76.77	-10.22	NS
NS	**Fidelity RMT-As Pac Eq**	FIL Investment Management(HK)Ltd	HKD	Hong Kong	**70.22**	76.04	-0.78	NS
5	**President Asia Pacific**	Uni-President Asset Management Co., Ltd	TWD	Taiwan	**71.78**	72.98	-3.76	10.81
NS	**Jih Sun Asia New Star**	Jih Sun Securities Inv Trust Co., Ltd	TWD	Taiwan	**68.79**	71.66	NS	NS
NS	**bfw asia-pacific quant selection**	bfw fondsleitung ag	USD	Liechtnstn	**67.74**	69.85	-12.50	NS
5	**PB Asia Equity**	Public Mutual Berhad	MYR	Malaysia	**59.83**	67.41	0.79	NS
NS	**Taifook Asia Pacific (ex-HK) A**	Taifook Investment Managers Ltd	HKD	Hong Kong	**65.28**	64.84	-15.71	8.95
3	**LINGOHR ASIEN SYSTEMATIC LBB INVEST**	Landesbank Berlin Investment GmbH	EUR	Germany	**71.35**	64.10	-7.13	9.07
5	**Schroder Far East Acc**	Schroder Unit Trusts (UK)	GBP	United Kingdom	**62.09**	61.22	-3.17	NS
4	**Smith Williamson Far Eastern Gr Trust**	Smith&Williamson Fund Administration Ltd	GBP	United Kingdom	**60.79**	60.61	-3.96	11.70

NOTE: Changes in currency rates will affect performance and rankings.
KEY: ** 2YR and 5YR performance is annualized
NA-not available due to incomplete data;
NS-fund not in existence for entire period

Source: Morningstar, Ltd
1 Oliver's Yard, 55-71 City Road
London EC1Y 1HQ United Kingdom
www.morningstar.co.uk; **Email**: mediaservice@morningstar.com
Phone: +44 (0)203 107 0038; **Fax**: +44 (0)203 107 0001

Advertisement

INTERNATIONAL INVESTMENT FUNDS [Search by company, category or country at asia.WSJ.com/funds]

MORNINGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ AHW CAPITAL MANAGEMENT									
Tel (+49) 1805 - 23 82 82									
www.ahw-capital.com									
AHW Top-Div.Int.	GL	EQ	LUX	12/17	EUR	53.95	19.7	17.9	-29.0
■ ALLIANCE BERNSTEIN									
www.alliancebernstein.com/investments Tel. +800 2263 8637									
Am Eq Blend A	OT	OT	LUX	12/17	USD	10.14	23.5	23.2	-15.4
Am Eq Blend B	US	EQ	LUX	12/17	USD	9.53	22.3	22.2	-16.2
Am Growth A	US	EQ	LUX	12/17	USD	29.88	30.5	41.8	-7.4
Am Growth AX	US	EQ	LUX	12/17	USD	32.24	31.2	42.6	-6.9
Am Growth B	US	EQ	LUX	12/17	USD	25.13	29.2	40.4	-8.3
Am Growth C	US	EQ	LUX	12/17	USD	27.04	29.9	41.2	-7.8
Am Growth I	US	EQ	LUX	12/17	USD	33.10	31.5	42.9	-6.7
Am Income A	US	BD	LUX	12/17	USD	8.46	24.9	28.3	5.7
Am Income A2	US	BD	LUX	12/17	USD	19.06	25.2	28.2	5.7
Am Income A2	OT	OT	NA	12/17	HKD	147.82	NS	NS	NS
Am Income AT	OT	OT	NA	12/17	HKD	65.61	NS	NS	NS
Am Income AT	US	BD	LUX	12/17	USD	8.46	25.2	28.3	5.7
Am Income B	US	BD	LUX	12/17	USD	8.46	23.9	27.2	4.9
Am Income B2	US	BD	LUX	12/17	USD	16.43	24.4	27.3	4.9
Am Income B2	OT	OT	NA	12/17	HKD	127.42	NS	NS	NS
Am Income BT	OT	OT	NA	12/17	HKD	65.92	NS	NS	NS
Am Income BT	US	BD	LUX	12/17	USD	8.50	24.4	27.3	4.9
Am Income C	US	BD	LUX	12/17	USD	8.46	24.3	27.6	5.2
Am Income C2	US	BD	LUX	12/17	USD	24.43	24.7	27.6	5.2
Am Income I	US	BD	LUX	12/17	USD	8.46	25.6	29.1	6.3
Am Value A	US	EQ	LUX	12/17	USD	8.43	16.9	18.6	-14.4
Am Value B	US	EQ	LUX	12/17	USD	7.76	15.6	17.4	-15.3
Am Value C	US	EQ	LUX	12/17	USD	8.43	16.3	18.1	-14.8
Am Value I	US	EQ	LUX	12/17	USD	9.06	17.7	19.4	-13.8
Emg Mkts Debt A	GL	BD	LUX	12/17	USD	15.56	43.5	46.5	7.9
Emg Mkts Debt A2	GL	BD	LUX	12/17	USD	20.05	44.0	46.6	7.9
Emg Mkts Debt AT	GL	BD	LUX	12/17	USD	15.64	44.1	46.6	7.9
Emg Mkts Debt B	GL	BD	LUX	12/17	USD	15.56	42.2	45.2	6.8
Emg Mkts Debt B2	GL	BD	LUX	12/17	USD	19.32	42.7	45.2	6.8
Emg Mkts Debt BT	GL	BD	LUX	12/17	USD	15.62	42.7	45.1	6.8
Emg Mkts Debt C	GL	BD	LUX	12/17	USD	15.56	42.9	45.9	7.4
Emg Mkts Debt C2	GL	BD	LUX	12/17	USD	19.71	43.4	45.9	7.4
Emg Mkts Debt I	GL	BD	LUX	12/17	USD	15.56	44.1	47.3	8.4
Emg Mkts Growth A	GL	EQ	LUX	12/17	USD	33.33	66.3	61.6	-12.8
Emg Mkts Growth B	GL	EQ	LUX	12/17	USD	28.26	64.8	60.0	-13.7
Emg Mkts Growth C	GL	EQ	LUX	12/17	USD	28.90	65.6	60.9	-13.2
Emg Mkts Growth I	GL	EQ	LUX	12/17	USD	36.94	67.6	62.9	-12.1
Eur Growth A	OT	OT	LUX	12/17	USD	9.76	22.4	25.1	-18.2
Eur Growth A	OT	OT	LUX	12/17	EUR	6.82	22.4	25.1	-18.2
Eur Growth B	OT	OT	LUX	12/17	EUR	6.14	21.3	24.0	-19.0
Eur Growth B	OT	OT	LUX	12/17	USD	8.79	21.3	24.0	-19.0
Eur Growth C	EU	EQ	LUX	12/17	EUR	5.17	21.9	24.6	-18.6
Eur Growth I	OT	OT	LUX	12/17	USD	10.65	23.4	26.3	-17.5
Eur Growth I	OT	OT	LUX	12/17	EUR	7.44	23.4	26.3	-17.5
Eur Income A	OT	OT	LUX	12/17	EUR	6.64	39.7	39.5	4.1
Eur Income A	OT	OT	LUX	12/17	USD	9.51	39.7	39.5	4.1
Eur Income A2	OT	OT	LUX	12/17	EUR	12.91	40.2	39.4	4.1
Eur Income A2	OT	OT	LUX	12/17	USD	18.48	40.2	39.4	4.1
Eur Income AT	EU	BD	LUX	12/17	EUR	6.64	40.0	39.5	4.1
Eur Income B	OT	OT	LUX	12/17	EUR	6.64	39.0	38.6	3.3
Eur Income B	OT	OT	LUX	12/17	USD	9.51	39.0	38.6	3.3
Eur Income B2	OT	OT	LUX	12/17	EUR	12.01	39.2	38.4	3.3
Eur Income B2	OT	OT	LUX	12/17	USD	17.20	39.2	38.4	3.3
Eur Income BT	EU	BD	LUX	12/17	EUR	6.64	39.3	38.4	3.4
Eur Income C	OT	OT	LUX	12/17	EUR	6.64	39.2	38.9	3.6
Eur Income C	OT	OT	LUX	12/17	USD	9.51	39.2	38.9	3.6
Eur Income C2	OT	OT	LUX	12/17	EUR	12.87	39.6	38.8	3.6
Eur Income C2	OT	OT	LUX	12/17	USD	18.43	39.6	38.8	3.6
Eur Income I	OT	OT	LUX	12/17	EUR	6.64	40.3	40.2	4.6
Eur Income I	OT	OT	LUX	12/17	USD	9.51	40.3	40.2	4.6
Eur Strat Value A	OT	OT	LUX	12/17	EUR	8.34	19.8	21.8	-21.8
Eur Strat Value A	OT	OT	LUX	12/17	USD	11.94	19.8	21.8	-21.8
Eur Strat Value I	OT	OT	LUX	12/17	EUR	8.54	20.8	22.9	-21.1
Eur Strat Value I	OT	OT	LUX	12/17	USD	12.23	20.8	22.9	-21.1
Eur Value A	OT	OT	LUX	12/17	EUR	8.99	23.5	25.7	-18.8
Eur Value A	OT	OT	LUX	12/17	USD	12.87	23.5	25.7	-18.8
Eur Value B	OT	OT	LUX	12/17	USD	11.84	22.2	24.4	-19.7
Eur Value B	OT	OT	LUX	12/17	EUR	8.27	22.2	24.4	-19.7
Eur Value C	OT	OT	LUX	12/17	USD	12.46	22.9	25.2	-19.2
Eur Value C	OT	OT	LUX	12/17	EUR	8.70	22.9	25.2	-19.2
Eur Value I	OT	OT	LUX	12/17	USD	14.86	24.3	26.7	-18.2
Eur Value I	OT	OT	LUX	12/17	EUR	10.38	24.3	26.7	-18.2
GI Balanced (Euro) A	OT	OT	LUX	12/17	USD	16.24	19.6	20.9	-11.3
GI Balanced (Euro) B	OT	OT	LUX	12/17	USD	15.82	18.4	19.7	-12.1
GI Balanced (Euro) C	OT	OT	LUX	12/17	USD	16.12	19.4	20.7	-11.5
GI Balanced (Euro) I	OT	OT	LUX	12/17	USD	16.54	NS	NS	NS
GI Balanced A	US	BA	LUX	12/17	USD	16.32	22.8	22.4	-10.4
GI Balanced B	US	BA	LUX	12/17	USD	15.52	21.6	21.2	-11.3
GI Balanced C	OT	OT	LUX	12/17	USD	16.08	22.5	22.0	-10.7
GI Balanced C	OT	OT	LUX	12/17	EUR	11.23	22.5	22.0	-10.7
GI Balanced I	US	BA	LUX	12/17	USD	16.92	23.6	23.2	-9.8
GI Bond A	US	BD	LUX	12/17	USD	9.33	13.4	14.6	5.1
GI Bond A2	US	BD	LUX	12/17	USD	16.15	13.7	14.7	5.2
GI Bond A2	OT	OT	NA	12/17	HKD	125.25	13.7	14.7	5.2
GI Bond AT	OT	OT	LUX	12/17	HKD	72.36	13.6	14.6	5.2
GI Bond AT	US	BD	LUX	12/17	USD	9.33	13.6	14.6	5.2
GI Bond B	US	BD	LUX	12/17	USD	9.33	12.3	13.5	4.1
GI Bond B2	US	BD	LUX	12/17	USD	14.15	12.6	13.6	4.1
GI Bond B2	OT	OT	NA	12/17	HKD	109.74	12.6	13.6	4.1
GI Bond BT	OT	OT	LUX	12/17	HKD	72.67	12.6	13.6	4.1
GI Bond BT	US	BD	LUX	12/17	USD	9.37	12.6	13.6	4.1
GI Bond C	US	BD	LUX	12/17	USD	9.33	12.9	14.1	4.6
GI Bond C2	US	BD	LUX	12/17	USD	14.01	13.1	14.1	4.7
GI Bond I	US	BD	LUX	12/17	USD	9.33	13.9	15.2	5.7
GI Conservative A	US	BA	LUX	12/17	USD	14.84	15.2	15.3	-4.0
GI Conservative A2	US	BA	LUX	12/17	USD	16.89	15.8	16.1	-3.7
GI Conservative B	US	BA	LUX	12/17	USD	14.83	14.3	14.5	-4.9
GI Conservative B2	US	BA	LUX	12/17	USD	16.05	14.7	14.9	-4.7
GI Conservative C	US	BA	LUX	12/17	USD	14.83	14.8	15.0	-4.4
GI Conservative C2	US	BA	LUX	12/17	USD	16.52	15.4	15.5	-4.2
GI Conservative I	US	BA	LUX	12/17	USD	14.90	15.9	16.2	-3.3
GI Eq Blend A	GL	EQ	LUX	12/17	USD	11.41	27.6	26.4	-21.0
GI Eq Blend B	GL	EQ	LUX	12/17	USD	10.71	26.4	25.0	-21.8
GI Eq Blend C	GL	EQ	LUX	12/17	USD	11.21	27.1	25.7	-21.4
GI Eq Blend I	GL	EQ	LUX	12/17	USD	12.03	28.7	27.3	-20.4
GI Growth A	GL	EQ	LUX	12/17	USD	40.80	26.5	25.3	-22.1
GI Growth B	GL	EQ	LUX	12/17	USD	34.08	25.3	24.1	-22.9
GI Growth C	GL	EQ	LUX	12/17	USD	39.16	26.0	24.7	-22.5
GI Growth I	GL	EQ	LUX	12/17	USD	45.29	27.5	26.3	-21.5
GI High Yield A	US	BD	LUX	12/17	USD	4.29	58.1	64.6	3.9
GI High Yield A2	US	BD	LUX	12/17	USD	9.16	59.0	64.7	3.9
GI High Yield A2	OT	OT	NA	12/17	HKD	71.04	59.0	64.7	3.9
GI High Yield AT	OT	OT	NA	12/17	HKD	33.04	59.1	64.6	3.8
GI High Yield AT	US	BD	LUX	12/17	USD	4.26	59.1	64.6	3.8
GI High Yield B	US	BD	LUX	12/17	USD	4.29	56.2	62.4	2.6
GI High Yield B2	US	BD	LUX	12/17	USD	14.72	57.4	62.8	2.8
GI High Yield B2	OT	OT	NA	12/17	HKD	114.16	57.4	62.8	2.8
GI High Yield BT	OT	OT	NA	12/17	HKD	33.66	57.4	63.1	2.9
GI High Yield BT	US	BD	LUX	12/17	USD	4.34	57.4	63.1	2.9
GI High Yield C	US	BD	LUX	12/17	USD	4.29	57.2	63.7	3.3
GI High Yield C2	US	BD	LUX	12/17	USD	13.58	58.5	63.8	3.4
GI High Yield I	US	BD	LUX	12/17	USD	4.29	59.1	65.8	4.6
GI Thematic Res. A	OT	OT	LUX	12/17	USD	14.35	64.0	62.3	-3.0
GI Thematic Res. B	OT	OT	LUX	12/17	USD	12.56	62.5	60.6	-3.9
GI Thematic Res. I	OT	OT	LUX	12/17	USD	15.99	65.2	63.5	-2.3
GI Value A	GL	EQ	LUX	12/17	USD	10.94	28.9	27.4	-19.9
GI Value B	GL	EQ	LUX	12/17	USD	10.06	27.7	26.2	-20.7
GI Value C	GL	EQ	LUX	12/17	USD	10.64	28.3	26.8	-20.3
GI Value I	GL	EQ	LUX	12/17	USD	11.63	29.8	28.4	-19.3
Greater China A	AS	EQ	LUX	12/17	USD	38.64	50.6	45.2	-15.7
Greater China B	AS	EQ	LUX	12/17	USD	34.20	49.1	43.8	-16.6
Greater China C	AS	EQ	LUX	12/17	USD	38.15	50.0	44.6	-16.1
India Growth A	OT	OT	LUX	12/17	USD	122.41	NS	NS	NS
India Growth AX	OT	OT	LUX	12/17	USD	106.99	85.2	85.7	-11.7
India Growth B	OT	OT	LUX	12/17	USD	128.29	NS	NS	NS
India Growth BX	OT	OT	LUX	12/17	USD	91.49	83.5	83.9	-12.6
India Growth I	EA	EQ	LUX	12/17	USD	110.85	86.0	86.5	-11.4
Int'l Health Care A	OT	EQ	LUX	12/17	USD	134.43	14.5	17.2	-9.2
Int'l Health Care B	OT	EQ	LUX	12/17	USD	113.43	13.4	16.1	-10.2
Int'l Health Care C	OT	EQ	LUX	12/17	USD	128.86	14.0	16.7	-9.6
Int'l Health Care I	OT	EQ	LUX	12/17	USD	146.83	15.4	18.2	-8.5
Int'l Technology A	OT	EQ	LUX	12/17	USD	105.60	44.4	42.1	-12.1
Int'l Technology B	OT	EQ	LUX	12/17	USD	91.54	43.0	40.7	-13.0
Int'l Technology C	OT	EQ	LUX	12/17	USD	102.07	43.7	41.5	-12.5
Int'l Technology I	OT	EQ	LUX	12/17	USD	118.37	45.5	43.3	-11.4
Japan Eq Blend A	JP	EQ	LUX	12/17	JPY	5885.00	9.7	15.9	-23.0
Japan Eq Blend B	JP	EQ	LUX	12/17	JPY	5681.00	8.6	14.7	-23.7
Japan Eq Blend C	JP	EQ	LUX	12/17	JPY	5792.00	9.2	15.4	-23.3
Japan Growth A	JP	EQ	LUX	12/17	JPY	5745.00	3.3	8.3	-23.5
Japan Growth B	JP	EQ	LUX	12/17	JPY	5546.00	2.3	7.2	-24.3
Japan Growth C	JP	EQ	LUX	12/17	JPY	5654.00	2.8	7.8	-23.9
Japan Strat Value A	JP	EQ	LUX	12/17	JPY	5981.00	16.0	23.5	-22.8
Japan Strat Value B	JP	EQ	LUX	12/17	JPY	5779.00	14.9	22.3	-23.6
Japan Strat Value C	JP	EQ	LUX	12/17	JPY	5882.00	15.4	23.0	-23.2
Real Estate Sec. A	OT	EQ	LUX	12/17	USD	14.00	31.2	30.8	-14.4
Real Estate Sec. B	OT	EQ	LUX	12/17	USD	12.80	29.9	29.6	-15.2
Real Estate Sec. I	OT	EQ	LUX	12/17	USD	15.04	32.2	31.9	-13.7
Short Mat Dollar A	US	BD	LUX	12/17	USD	7.24	10.9	12.2	-6.0
Short Mat Dollar A2	US	BD	LUX	12/17	USD	9.73	11.1	12.1	-6.1
Short Mat Dollar AT	US	BD	LUX	12/17	USD	7.24	11.3	12.2	-6.0
Short Mat Dollar B	US	BD	LUX	12/17	USD	7.24	10.5	11.7	-6.4
Short Mat Dollar B2	US	BD	LUX	12/17	USD	9.69	10.6	11.6	-6.5
Short Mat Dollar BT	OT	OT	LUX	12/17	USD	7.25	10.0	11.0	-6.7
Short Mat Dollar C	US	BD	LUX	12/17	USD	7.24	10.5	11.7	-6.4
Short Mat Dollar C2	US	BD	LUX	12/17	USD	13.70	10.7	11.7	-6.5
Short Mat Dollar I	US	BD	LUX	12/17	USD	7.24	11.5	12.8	-5.5

Advertisement [ALTERNATIVE INVESTMENT FUNDS www.WSJ.com] Advertisement

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	—%RETURN— YTD	12-MO	2-YR
■ ALEXANDRA INVESTMENT MANAGEMENT									
Tel: +1 212 301 1800 Fax: +1 212 301 1810									
Alexandra Convertible Bond Fund I, Ltd. (Class A)	OT	OT	VGB	11/30	USD	1616.75	66.9	72.1	NS
■ CREDIT PACIFIC ASSET MANAGMENT									
www.creditpacific.com									
CPS-Master Priv Fund	GL	OT	WSM	12/16	USD	121.52	21.5	21.5	9.4
■ PLATINUM CAPITAL MANAGEMENT									
Tel: +44 207 024 9840, www.platinumfunds.net									
Platinm-All Star	OT	OT	CYM	10/30	USD	95.07	13.2	5.7	-13.4
Platinm-All Weather	OT	OT	USA	10/31	USD	129.92	2.4	3.2	3.8
Platinm-Dynasty	OT	OT	USA	10/30	USD	108.45	5.5	2.5	-34.0
Platinm-Emancipation	OT	OT	USA	10/30	USD	93.58	25.0	9.3	-11.3
Platinm-Equity Plus	OT	OT	USA	05/29	USD	35.02	-18.2	-63.7	-45.6
Platinm-Gbl Dividend	OT	OT	CYM	10/30	USD	60.64	29.4	15.3	-31.8
Platinm-Nordic	OT	OT	CYM	10/30	SEK	607.79	11.4	9.7	-18.3
Platinm-Premier	OT	OT	CYM	12/31	USD	21.20	-55.9	-66.0	-44.3
Platinm-Turnberry	OT	OT	USA	10/30	USD	56.60	NS	NS	-38.7
Winton Evolution EUR Cls H	OT	OT	CYM	11/30	EUR	972.73	NS	NS	NS
Winton Evolution GBP Cls G	OT	OT	CYM	11/30	GBP	976.73	NS	NS	NS
Winton Evolution USD Cls F	OT	OT	CYM	11/30	USD	1232.74	-2.8	-1.2	3.7
Winton Futures EUR Cls C	OT	OT	VGB	11/30	EUR	202.11	-1.8	-0.1	9.2
Winton Futures GBP Cls D	OT	OT	VGB	11/30	GBP	218.35	-1.6	0.4	10.2
Winton Futures JPY Cls E	OT	OT	VGB	11/30	JPY	14398.02	-2.4	-0.4	6.9
Winton Futures USD Cls B	OT	OT	VGB	11/30	USD	716.94	-2.2	-0.2	8.9
■ SUPERFUND ASSET MANAGEMENT GMBH									
For info about open funds, contact info@superfund.com and www.superfund.com									
**Closed for New Investments*									
Superfund Cayman*	OT	OT	CYM	12/15	USD	41.52	-50.1	-50.0	-5.5
Superfund GCT USD*	GL	EQ	LUX	12/15	USD	2219.00	-39.2	-39.6	-3.4
Superfund Green Gold A (SPC)	OT	OT	CYM	12/15	USD	990.66	-14.8	-3.5	8.5
Superfund Green Gold B (SPC)	OT	OT	CYM	12/15	USD	953.75	-29.2	-19.9	4.2
Superfund Q-AG*	OT	OT	AUT	12/15	EUR	6582.00	-24.9	-24.9	1.5

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

Dollar's run is expected to continue this week

By Fabio Alves

The dollar is expected to extend its rally against the euro and the yen this week amid credit concerns in the euro zone and worries about deflation in Japan.

Pressure on the euro has escalated after downgrades of Greece's credit rating inflamed worries about the fiscal health of the weaker economies in the euro zone. The yen suffered after the Japanese central bank implied it would keep interest rates low to stave off deflation, a persistent decline in consumer prices.

CURRENCY MARKETS

"It's quite possible that we'll see a bit more strength in the dollar in the short term, particularly against the euro," said Shaun Osborne, chief currency strategy at TD Securities in Toronto.

The dollar surged to its highest level in more than three months against the euro and climbed to a six-week high against the yen Friday, extending a trend that began early this month after stronger economic data spurred bets that the Federal Reserve will lift interest rates from near zero sooner than previously forecast.

Late Friday in New York, the euro was at $1.4335, from $1.4340 late Thursday. The dollar was at 90.34 yen, up from 89.95 yen, while the euro was at 129.51 yen, up from 128.99 yen. The U.K. pound was at $1.6142, down from $1.6165. The dollar was at 1.0430 Swiss francs, off from 1.0471 francs late Thursday.

The euro will probably trade between $1.4150 and $1.4450, said Tom Fitzpatrick, chief technical analyst at Citigroup in New York. But the bias will be toward the downside of the range, as investors unwind dollar-negative bets in place for most of the year amid worries about credit quality, "particularly what's going on in Greece," he said.

With many investors choosing to stay on the sidelines because of the Christmas holiday, the thinness of the market may help to push the dollar higher against the euro, said Andrew Chaveriat, technical foreign-exchange strategist at BNP Paribas in New York.

He expects the euro to trade between $1.4120 and $1.4400, but says it should hover around the lower end of the range.

The dollar may trade as high as 92 yen this week, on bets that the Japanese currency "will be again a victim of the carry trade," Mr. Chaveriat said.

The carry trade involves borrowing cheap money in a low-yielding currency to fund investments in higher-yielding currencies.

For most of 2009, the dollar was the favored funding currency for these types of investments, but with the Federal Reserve seen moving earlier to tighten rates, while the Bank of Japan is more likely to stay on hold for longer, the yen is likely to resume its traditional funding role.

Bahrain's Alba files lawsuit against Sojitz

By Evan Perez

WASHINGTON—Bahrain's state-owned aluminum producer, in a civil lawsuit, accused Japanese commodities-trading giant **Sojitz Group** of paying nearly $15 million in bribes over 13 years to gain discounts on aluminum prices.

The complaint filed by **Aluminum Bahrain** BSC, known as Alba, in U.S. District Court in Houston, says Sojitz paid "below-market" prices or received "handling fees" to defraud Alba. The complaint was filed Friday.

The U.S. Justice Department is investigating allegations that Sojitz employees paid bribes, people familiar with the matter said. The U.S. probe originated from information turned over by Bahraini officials, who have been conducting their own inquiry.

The action was filed in the U.S. and names Sojitz's U.S. subsidiary in part because the alleged bribes and resulting discounts helped Sojitz by "enhancing its own position in the American market while distorting the U.S. aluminum market and harming competition," the suit said. Alba is seeking compensatory damages of $31 million, according to the suit.

Sojitz has declined to comment when contacted about the U.S. and Bahraini probes.

Alba's civil suit alleges that the plot spanned 13 years beginning in 1993,

Treasury dealers predict higher yields in 2010

By Min Zeng

U.S. Treasury-market investors should brace for higher yields in 2010, if the forecasts by major financial institutions prove correct.

According to a survey of the 18 primary dealers, those banks that trade directly with the Federal Reserve and underwrite Treasury auctions, the median forecast is for the two-year yield to rise to 1.825% by the end of 2010, the highest since October 2008, while the 10-year note will yield 4.125%, the highest level since July 2008.

U.S. CREDIT MARKETS

The survey was conducted Thursday and Friday.

Late Friday, the two-year note was yielding 0.799% while the 10-year note yielded 3.548%. When bond yields rise, prices fall.

The projected increase in Treasury yields reflects a brighter economic outlook and expectations that the Fed will begin to raise interest rates next year after holding them near zero since December 2008. Hefty debt issuance by the Treasury, which is forecast to raise $1.4 trillion in the current fiscal year that started in October after selling $1.786 trillion in fiscal 2009, also will push up yields.

Higher yields could ripple through the broader economy, making it costlier for consumers and companies to borrow, because the 10-year Treasury yield is a benchmark for a variety of lending rates.

Also, the government would have to pay more to finance a projected deficit of around $1.38 trillion.

Among the primary dealers, RBS Securities Inc. has the highest end-of-2010 forecast for the two-year yield, at 4.2%, the highest level since October 2007.

The two-year yield is the most sensitive to official rate changes, and RBS's forecast for the federal-funds rate by the end of 2010 is 3%.

"Growth will be quite strong and we are going to get pretty solid employment growth, which is going to translate into a little bit" of an uptick in inflation, said Stephen Stanley, chief economist at RBS Securities in Greenwich, Conn.

Contrast that with Goldman Sachs Group's forecast, which sees the two-year yield at 1% by the end of 2010, the lowest level among the primary dealers. The firm's economics team led by Jan Hatzius, U.S. chief economist, expects the Fed to hold rates steady in 2010 and 2011 as "structural headwinds" buffet the economy.

For the 10-year yield, HSBC Holdings has the lowest forecast at 3%, while Morgan Stanley has the highest forecast at 5.5%.

Steven Major, global head of fixed-income research at HSBC in London, said he expects no change in the federal-funds target rate until late 2011.

"Fiscal policy will not be so loose and [there will be] no sign of inflation pressure, which will keep the bond market supported," he said.

[Search by company, category or country at asia.WSJ.com/funds] INTERNATIONAL INVESTMENT FUNDS Advertisement

Allianz Global Investors

■ ALLIANZ GLOBAL INVESTORS KAPITALANLAGEGESELLSCHAFT

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	YTD	12-MO	2-YR
Concentra AE	EU	EQ	DEU	12/17	EUR	51.47	32.4	37.7	-11.5
Industria AE	EU	EQ	DEU	12/17	EUR	70.34	34.4	33.6	-17.3
InternRent AE	EU	BD	DEU	12/17	EUR	35.71	5.1	4.1	10.6

■ CHARTERED ASSET MANAGEMENT PTE LTD - TEL NO: 65-6835-8866

Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

CAM-GTF Limited	AS	EQ	MUS	12/11	USD	270451.41	100.5	120.9	1.1

GAM

■ GAM FUND MANAGEMENT LIMITED

George's Court, 54-62 Townsend Street, Dublin 2, Ireland

Tel +353 1 609 3927 Fax +353 1 611 7941, Internet: www.gam.com

GAM Arbitrage Op	OT	OT	VGB	12/11	USD	1247.78	23.1	20.0	-8.8
GAM Asia Eq Hdg JPY Op	GL	EQ	VGB	12/14	JPY	15440.89	64.7	74.0	0.5
GAM Asia Equity Hedge US	OT	OT	VGB	12/14	USD	289.30	65.8	75.6	2.2
GAM Asia Equity USD	OT	OT	VGB	12/16	USD	641.31	59.8	64.0	-13.4
GAM Asia-Pacific Eq USD	OT	OT	VGB	12/15	USD	1263.12	17.6	29.1	-18.9
GAM Com Glb Bal EUR Op	US	BA	VGB	12/14	EUR	93.10	14.7	17.0	-9.9
GAM Com Glb Bal USD Op	US	BA	VGB	12/14	USD	127.31	14.7	17.0	-9.9
GAM Comp Glb Eq EUR Op	GL	EQ	VGB	12/14	EUR	95.07	21.3	24.9	-17.2
GAM Comp Glb Eq USD Op	GL	EQ	VGB	12/14	USD	126.70	21.3	24.9	-17.2
GAM Comp Glb Gr EUR Op	US	BA	VGB	12/14	EUR	83.88	15.0	17.9	-14.3
GAM Comp Glb Gr USD Op	US	BA	VGB	12/14	USD	126.34	15.0	17.9	-14.3
GAM CompAbsRT EUR Op	OT	OT	VGB	09/30	EUR	141.71	9.1	0.1	-6.9
GAM CompAbsRT SGD Op	OT	OT	VGB	09/30	SGD	102.21	9.2	-0.1	-8.3
GAM CompAbsRT USD Op	OT	OT	VGB	09/30	USD	845.66	9.5	0.7	-7.0
GAM Cptal Apprec Eq Inc	US	EQ	VGB	12/11	USD	243.63	33.8	39.8	-13.6
GAM Cross Trading Inc	OT	OT	VGB	12/14	USD	464.04	6.1	NS	NS
GAM Diversity CHF Op	OT	OT	VGB	12/14	CHF	94.54	4.5	3.8	-6.9
GAM Diversity EUR Op	OT	OT	VGB	12/14	EUR	649.99	5.3	4.9	-5.3
GAM Diversity USD 2.5XL	OT	OT	VGB	12/14	USD	78.80	9.2	8.2	NS
GAM Diversity USD Op	OT	OT	VGB	12/14	USD	682.53	5.3	NS	NS
GAM Dvrsty II CHF Op	OT	OT	VGB	12/14	CHF	99.84	4.4	NS	NS
GAM Dvrsty II EUR Op	OT	OT	VGB	12/14	EUR	139.19	4.9	4.1	-5.4
GAM Dvrsty II USD Op	OT	OT	VGB	12/14	USD	210.84	4.9	NS	-5.6
GAM DvrstyIII EUR Op	OT	OT	VGB	12/14	EUR	115.92	4.9	4.1	-5.5
GAM DvrstyIII USD Op	OT	OT	VGB	12/14	USD	122.37	4.9	4.1	-5.6
GAM Euro Eq Hdg EUR Op	EU	EQ	VGB	12/14	EUR	214.90	9.0	8.6	-5.9
GAM Euro Eq Hdg USD Op	OT	OT	VGB	12/14	USD	199.89	9.7	9.8	-4.3
GAM European Equity USD	OT	OT	VGB	12/16	USD	296.62	26.1	25.2	-13.8
GAM GAMCO	OT	EQ	VGB	12/15	USD	806.38	39.0	46.0	-11.7
GAM Gb EmMkts Hdg EUROp	OT	OT	VGB	12/14	EUR	98.24	13.9	13.7	-17.1
GAM Gb EmMkts Hdg USDOp	OT	OT	VGB	12/14	USD	103.54	14.4	14.1	-16.4
GAM Gbl Divers USD Inc.	GL	EQ	VGB	12/14	USD	249.86	22.4	26.8	-9.7
GAM Grtr China Eq Hdg Op	GL	EQ	VGB	12/14	USD	288.70	102.2	109.0	21.0
GAM Intrst Trend II	GL	BD	VGB	12/14	USD	93.42	41.4	35.8	-8.4
GAM Intrst Trend Inc	OT	OT	VGB	12/14	USD	249.11	56.4	51.3	-6.9
GAM Japan Eq Hdg EUR Op	AS	EQ	VGB	12/14	EUR	114.26	7.0	10.4	-10.8
GAM Japan Eq Hdg USD Op	OT	OT	VGB	12/14	USD	118.83	5.7	NS	-22.0
GAM Japan Eq Hdg YEN Open	AS	EQ	VGB	12/14	JPY	8176.72	6.0	13.3	-21.7
GAM Japan USD	JP	EQ	VGB	12/16	USD	1100.55	6.3	10.3	-16.6
GAM Japan YEN	JP	EQ	VGB	12/16	JPY	8667.30	8.2	13.9	-24.4
GAM Money Mkt EuroOp	EU	MM	VGB	12/16	EUR	51.20	0.1	0.2	1.7
GAM Money Mkt USD	US	MM	VGB	12/16	USD	99.94	-0.1	-0.1	0.9
GAM Multi-Arb EUR Op	OT	OT	VGB	12/14	EUR	113.29	1.1	-0.9	-8.6
GAM Multi-Arb USD Op	OT	OT	VGB	12/14	USD	118.28	1.3	-0.8	-8.8
GAM Multi-China EUR Op	OT	OT	VGB	12/14	EUR	167.99	13.1	13.0	-8.8
GAM Multi-China USD Op	OT	OT	VGB	12/14	USD	176.61	13.7	13.6	-9.4
GAM Multi-Emer Mkts GBP	OT	OT	VGB	12/14	GBP	130.34	24.6	23.9	-3.0
GAM Multi-Emer Mkts USD	OT	OT	VGB	12/14	USD	645.36	24.6	23.9	-3.4
GAM Multi-Eur EUR Op	OT	OT	VGB	12/14	EUR	267.99	6.8	6.0	-10.3
GAM Multi-Eur II EUR Op	OT	OT	VGB	12/14	EUR	137.89	6.7	8.6	-10.3
GAM Multi-Eur II USD Op	OT	OT	VGB	12/14	USD	112.76	6.3	8.2	-11.3
GAM Multi-Eur USD Op	OT	OT	VGB	12/14	USD	466.44	6.4	5.6	-11.2
GAM Multi-Nth Am EUR Special	OT	OT	VGB	12/14	EUR	132.77	11.4	12.3	NS
GAM Multi-Nth Am USD Special	OT	OT	VGB	12/14	USD	216.31	11.8	13.0	NS
GAM Multi-Pac EUR Op	GL	EQ	VGB	12/14	EUR	142.45	4.5	4.1	-4.8
GAM Multi-Pac USD Op	OT	OT	VGB	12/14	USD	164.43	4.6	4.4	-5.2
GAM Portable Dvr/S&P500	OT	OT	VGB	08/24	USD	70.11	17.7	-27.7	-22.9
GAM Selection Hdg	US	EQ	VGB	12/11	USD	2574.88	65.5	71.2	9.7
GAM Sing/Malaysia	AS	EQ	VGB	12/16	USD	2514.14	51.3	52.3	-10.3
GAM Sterling Spe Bd Inc	OT	OT	VGB	12/14	GBP	241.88	40.0	40.4	2.3
GAM Trading EUR Inc	OT	OT	VGB	12/14	EUR	323.84	5.9	5.4	6.8
GAM Trading USD Inc	OT	OT	VGB	12/14	USD	969.19	6.1	5.7	6.3
GAM Trdg II IncEUR Op	OT	OT	VGB	12/14	EUR	138.52	5.8	5.3	6.8
GAM Trdg II IncUSD Op	OT	OT	VGB	12/14	USD	314.69	6.1	5.7	6.3
GAM Trdg IV IncEUR Op	OT	OT	VGB	12/14	EUR	146.18	5.6	5.0	6.5
GAM Trdg IV IncUSD Op	OT	OT	VGB	12/14	USD	153.91	5.9	5.4	6.2
GAM Trdg V IncEUR Op	OT	OT	VGB	12/14	EUR	123.94	5.6	4.9	6.3
GAM Trdg V IncUSD Op	OT	OT	VGB	12/14	USD	129.08	5.8	5.4	6.1
GAM TrdgIII IncEUR Op	OT	OT	VGB	12/14	EUR	156.35	5.7	5.2	6.5
GAM TrdgIII IncUSD Op	OT	OT	VGB	12/14	USD	161.86	5.9	5.5	6.2
GAM USDSpecBondInc	US	BD	VGB	12/14	USD	518.91	70.7	75.0	5.7
GAM Worldwide	GL	EQ	VGB	12/16	USD	2243.84	25.3	25.4	-10.1
GAMut Investments	OT	OT	VGB	12/09	USD	7569.02	4.2	5.3	7.7

■ GAM Star Fund Plc

GAMStar-AsEqCHF Ord Ac	AS	EQ	IRL	12/16	CHF	10.82	52.9	48.9	-17.8
GAMStar-AsEqEUR Ord Ac	AS	EQ	IRL	12/16	EUR	11.48	53.5	57.9	-13.0
GAMStar-AsEqGBP Ord Ac	AS	EQ	IRL	12/16	GBP	1.52	43.2	55.8	-2.9
GAMStar-AsEqUSD Ord Ac	AS	EQ	IRL	12/16	USD	13.11	59.9	63.6	-12.4
GAMStar-AsPacEqEUR Acc	AS	EQ	IRL	12/16	EUR	99.01	17.1	22.4	-15.5
GAMStar-AsPacEqEUR Inc	AS	EQ	IRL	12/16	EUR	95.82	17.2	22.4	-15.5
GAMStar-ContEurEqEUR Ac	EU	EQ	IRL	12/16	EUR	10.81	22.8	23.4	-12.1
GAMStar-EurpEqEUR Acc	EU	EQ	IRL	12/16	EUR	179.77	22.7	22.6	-14.6
GAMStar-EurpEqEUR Inc	EU	EQ	IRL	12/16	EUR	164.27	22.7	22.5	-14.6
GAMStar-EurpEqUSD Acc	EU	EQ	IRL	12/16	USD	15.93	27.6	26.7	-14.0
GAMStar-EurpEqUSD Inc	EU	EQ	IRL	12/16	USD	14.44	27.6	26.7	-14.0
GAMStar-FrontierOppUSD Acc	GL	EQ	IRL	12/16	USD	5.63	19.6	12.8	NS
GAMStar-JpnEq EUR Acc	JP	EQ	IRL	12/16	EUR	87.26	7.2	11.4	-14.5
GAMStar-JpnEq EUR Inc	JP	EQ	IRL	12/16	EUR	87.26	7.2	11.4	-14.5
GAMStar-JpnEq JPY Acc	JP	EQ	IRL	12/16	JPY	904.85	7.9	13.5	-24.3
GAMStar-JpnEq USD Acc	JP	EQ	IRL	12/16	USD	11.11	5.5	9.4	-16.8
GAMStar-World EqUSD Acc	GL	EQ	IRL	12/16	USD	2221.50	26.2	26.4	-9.7

Manulife Wealth Management 宏利財富管理

■ MANULIFE ASSET MANAGEMENT TEL:(852)2108 1110

Internet:http://www.manulife.com.hk 47/F Manulife Plaza, Causeway Bay, Hong Kong

American Growth	US	EQ	LUX	12/17	USD	14.94	24.5	22.9	-13.5
American Growth AA	US	EQ	LUX	12/17	USD	0.86	24.2	22.6	-7.2
Asian Equity	AS	EQ	LUX	12/17	USD	2.37	58.8	57.9	-8.8
Asian Equity AA	AS	EQ	LUX	12/17	USD	0.77	58.2	57.3	-9.1
Asian Sm Cap Equity AA	AS	EQ	LUX	12/17	USD	1.15	89.8	96.2	-4.4
China Value A	AS	EQ	LUX	12/17	USD	6.91	60.0	58.6	-6.0
China Value AA	AS	EQ	LUX	12/17	USD	2.17	59.6	58.2	-6.3
Dragon Growth	AS	EQ	LUX	12/17	USD	1.59	62.3	56.2	-9.4
Dragon Growth AA	OT	OT	LUX	12/17	HKD	7.74	62.3	56.1	-10.5
Emg Eastrn Europe A	EU	EQ	LUX	12/17	USD	4.45	88.9	76.5	-19.3
Emg Eastrn Europe AA	EU	EQ	LUX	12/17	USD	1.92	88.7	76.2	-19.4
European Growth	EU	EQ	LUX	12/17	USD	8.95	39.1	38.7	-18.3
European Growth AA	EU	EQ	LUX	12/17	USD	0.64	38.8	38.4	-18.5
Global Contrarain AA	GL	EQ	LUX	12/17	USD	0.87	80.7	81.1	NS
Global Property AA	OT	EQ	LUX	12/17	USD	0.66	43.9	40.6	-13.8
Global Resources AA	OT	EQ	LUX	12/17	USD	1.07	52.5	49.3	-10.3
Healthcare AA	OT	EQ	LUX	12/17	USD	0.93	12.6	14.4	NS
India Equity AA	EA	EQ	LUX	12/17	USD	1.06	74.6	72.5	-17.7
International Growth	GL	EQ	LUX	12/17	USD	3.00	20.3	19.5	-16.0
International Growth AA	GL	EQ	LUX	12/17	USD	0.70	20.0	19.2	-16.2
Japanese Growth	JP	EQ	LUX	12/17	USD	2.78	7.3	8.1	-12.9
Japanese Growth AA	JP	EQ	LUX	12/17	USD	0.73	7.0	7.8	-11.3
Latin America Equity AA	GL	EQ	LUX	12/17	USD	1.27	103.0	91.3	-4.2
Manulife GF Strategic Income Fund AA	OT	OT	NA	12/17	USD	1.00	NS	NS	NS
MGF Asia Value Dividend Equity Fund	OT	OT	Lux	12/17	USD	1.10	NS	NS	NS
Russia Equity AA	EE	EQ	LUX	12/17	USD	0.64	132.7	110.2	-22.0
Taiwan Equity AA	AS	EQ	LUX	12/17	USD	1.01	74.2	70.9	2.4
Turkey Equity AA	EE	EQ	LUX	12/17	USD	0.72	96.1	95.5	-15.0
U.S. Bond AA	US	BD	LUX	12/17	USD	1.11	18.0	19.8	7.8
U.S. High Yield Bond AA	US	BD	LUX	12/17	USD	0.80	79.9	91.7	-0.6
U.S. Sm Cap Equity AA	US	EQ	LUX	12/17	USD	0.80	67.4	62.3	-13.1
U.S. Tsy Inf-ProtSec AA	OT	BD	LUX	12/17	USD	1.15	8.5	9.0	4.1

■ PT CIPTADANA ASSET MANAGEMENT

Tel: +62 21 25574 883 Fax: +62 21 25574 893 Website: www.ciptadana.com

Indonesian Grth Fund	EA	EQ	CYM	12/16	USD	126.99	120.1	114.6	-4.7

Sensible Asset Management
A Value Partners Group company

■ SENSIBLE ASSET MANAGEMENT LIMITED

www.samfund.com.hk Tel: (852) 2868 6848 Fax: (852) 2810 9948

Asia Value Formula Fd-B	AS	EQ	CYM	12/16	USD	7.86	83.2	80.3	-7.5

SOCIETE GENERALE Asset Management

■ SG ASSET MANAGEMENT HTTP://WWW.SGAM.COM

Eq. Concentrated Euroland A	OT	OT	LUX	12/16	EUR	93.38	22.7	21.6	-19.6
Eq. Euroland Small Cap A	OT	OT	LUX	12/16	EUR	139.69	41.0	44.5	-13.5
Eq. Global Resources A	OT	OT	LUX	12/16	USD	109.54	56.2	56.8	-9.3
Eq. India A	OT	OT	LUX	12/17	USD	126.39	73.9	71.7	-18.3
Eq. Japan CoreAlpha A	OT	OT	LUX	12/17	JPY	7232.66	22.9	31.0	-12.8
Eq. Latin America A	OT	OT	LUX	12/16	USD	115.83	86.1	74.2	-10.8

■ SGAM Fund

Bonds Eur Hi Yld A	EU	BD	LUX	12/16	EUR	20.47	54.0	57.4	-1.7
Bonds EURO A	EU	BD	LUX	12/16	EUR	41.38	4.8	6.2	6.0
Bonds EUROPE A	EU	BD	LUX	12/16	EUR	39.32	3.8	5.0	5.1
Bonds US OppsCoreplus A	US	BD	LUX	12/16	USD	37.10	17.7	19.3	8.9
Bonds World A	GL	BD	LUX	12/16	USD	43.01	8.0	9.2	8.5
Eq. China A	AS	EQ	LUX	12/17	USD	23.51	57.3	51.0	-12.9
Eq. ConcentratedEuropeA	EU	EQ	LUX	12/16	EUR	26.63	29.3	28.3	-18.3
Eq. Euroland A	EU	EQ	LUX	12/16	EUR	10.71	16.8	17.2	-21.0
Eq. EurolandCyclclsA	EU	EQ	LUX	12/16	EUR	17.52	27.6	30.2	-16.5
Eq. EurolandFinancialA	OT	EQ	LUX	12/16	EUR	11.30	34.2	31.3	-22.2
Eq. Glbl Emg Cty A	GL	EQ	LUX	12/16	USD	9.51	59.1	56.5	-16.1
Eq. Global A	GL	EQ	LUX	12/16	USD	27.68	31.6	33.9	-15.3
Eq. Global Energy A	OT	EQ	LUX	12/16	USD	17.93	25.8	21.2	-14.4
Eq. Gold Mines A	OT	EQ	LUX	12/16	USD	31.14	48.9	56.8	3.4
Eq. US Lg Cap Gr A	US	EQ	LUX	12/16	USD	15.09	40.0	37.7	-13.0
Eq. US Rel Val A	US	EQ	LUX	12/16	USD	20.46	31.7	31.2	-16.4
Eq. US Sm Cap Val A	US	EQ	LUX	12/16	USD	15.60	20.5	24.6	-20.5
Money Market EURO A	EU	MM	LUX	12/16	EUR	27.39	1.0	1.1	2.7
Money Market USD A	US	MM	LUX	12/16	USD	15.83	0.5	0.6	1.8

المستثمر الوطني The National Investor

■ THE NATIONAL INVESTOR

TNI Tower | Zayed 1st Street Khalidia| Web:www.tni.ae

TNI Mena Real Estate Fund	OT	OT	BMU	12/10	USD	929.00	-1.2	-7.1	-28.2
TNI MENA Special Sits Fund	OT	OT	BMU	11/30	USD	1070.31	10.2	10.3	NS
TNI UAE Blue Chip Fund	OT	OT	ARE	12/10	AED	4.67	1.8	-10.5	-35.1

Value Partners
Investing through discipline

■ WEBSITE: WWW.VALUEPARTNERS.COM.HK, TEL: (852) 2880 9263, FAX: (852) 2564 8487

**formerly known as China ABH Shares Fund*

Intel-Chin MainInd Foc	AS	EQ	CYM	12/15	USD	29.84	86.0	90.8	0.9
Intel-China Converg*	AS	EQ	CYM	12/15	USD	114.29	87.6	93.1	-0.6
VP Classic - A	AS	EQ	CYM	12/17	USD	181.56	78.1	79.2	-4.2
VP CLassic - B	AS	EQ	CYM	12/17	USD	84.64	77.3	78.3	-4.7
VP High Dividend Stk	AS	EQ	CYM	12/14	USD	45.84	84.5	91.5	-1.1

YUKI Yuki Management & Research Tel +81-3-5298-3277 www.yukijapan.co.jp

■ YUKI INTERNATIONAL LIMITED

Tel +44-207-269 0203 www.yukifunds.com

■ YMR-N Series

YMR-N Growth Fund	OT	OT	IRL	12/17	JPY	9184.00	6.7	8.4	-26.1
YMR-N Small Cap Fund	OT	OT	IRL	12/17	JPY	6885.00	7.3	11.4	-26.0

■ Yuki 77 Series

Yuki 77 General	JP	EQ	IRL	12/17	JPY	6022.00	2.0	4.1	-27.6
Yuki 77 Growth	JP	EQ	IRL	12/17	JPY	5540.00	-6.4	-5.7	-33.0

■ Yuki Chugoku Series

Yuki Chugoku Jpn Gen	JP	EQ	IRL	12/17	JPY	6662.00	6.8	8.9	-24.3
Yuki Chugoku JpnLowP	JP	EQ	IRL	12/17	JPY	7424.00	-9.4	-7.2	-23.9

■ Yuki Hokuyo Japan Series

Yuki Hokuyo Jpn Gen	JP	EQ	IRL	12/17	JPY	4577.00	0.6	2.2	-27.6
Yuki Hokuyo Jpn Inc	JP	EQ	IRL	12/17	JPY	5189.00	-1.7	-0.5	-21.2
Yuki Hokuyo Jpn Sm Cap	JP	EQ	IRL	12/17	JPY	5011.00	6.5	10.0	-24.4

■ Yuki Mizuho Series

Yuki Mizuho Gen Jpn III	OT	OT	IRL	12/17	JPY	4308.00	1.4	2.9	-31.6
Yuki Mizuho Jpn Dyn Gro	OT	OT	IRL	12/17	JPY	4564.00	1.6	2.5	-31.2
Yuki Mizuho Jpn Exc 100	OT	OT	IRL	12/17	JPY	6781.00	11.1	13.0	-26.1
Yuki Mizuho Jpn Gen	OT	OT	IRL	12/17	JPY	8421.00	5.0	7.5	-25.6
Yuki Mizuho Jpn Gro	OT	OT	IRL	12/17	JPY	6260.00	0.1	2.2	-28.8
Yuki Mizuho Jpn Inc	OT	OT	IRL	12/17	JPY	7506.00	-5.6	-4.1	-24.1
Yuki Mizuho Jpn Lg Cap	OT	OT	IRL	12/17	JPY	5076.00	1.8	3.3	-26.6
Yuki Mizuho Jpn LowP	OT	OT	IRL	12/17	JPY	11158.00	-1.5	1.3	-21.3
Yuki Mizuho Jpn PGth	OT	OT	IRL	12/17	JPY	7812.00	2.3	3.5	-31.0
Yuki Mizuho Jpn SmCp	OT	OT	IRL	12/17	JPY	7040.00	14.8	18.0	-26.2
Yuki Mizuho Jpn Val Sel	OT	OT	IRL	12/17	JPY	5518.00	6.3	7.4	-23.2
Yuki Mizuho Jpn YoungCo	OT	OT	IRL	12/17	JPY	2674.00	12.0	10.9	-31.9

■ Yuki Shizuoka Japan Series

Yuki Shizuoka General Japan	JP	EQ	IRL	12/17	JPY	5303.00	4.0	6.5	-25.7

For information about listing your funds, please contact: Carson Wong tel: +852 2831-6481; email: carson.wong@dowjones.com

MARKETS

Ethanol edges toward repeat of glut

As margins rebound, companies in U.S. are restarting idle facilities and adding new ones; Valero capacity leaps

By Mara Lemos Stein

With ethanol margins staging a recovery this year, it was only a matter of time before producers were encouraged to restart idled facilities and expand output to join the bonanza.

The latest addition to the supply flow—**Valero Energy**, which announced last week that it will bring three facilities back online—adds to concerns that if too many people come to the party some of them will find the punch bowl emptying out fast.

"There are significant volumes of both idled and under-construction assets, and if operators are emboldened by the recent ethanol margins, we could see less-than-optimal assets begin to be reintroduced to production," Ian Horowitz, an analyst at New York-based securities brokerage firm Rafferty Capital Markets, said in a recent report. "Bottom line: we are concerned that we could possibly see oversupply of ethanol in the second half of 2010."

Steady ethanol prices and relatively low corn and natural-gas prices are putting producers in the black for the first time since mid-2008. The fact that various producers in financial distress suspended production since then has supported ethanol prices even as demand for gasoline, in which ethanol is blended at a 10% rate in the U.S., dropped during the economic slowdown.

However, some analysts are wary of a repeat of the excess supplies that decimated profit margins in 2008 and put at least a dozen producers into bankruptcy.

In recent weeks, producers announced intentions to restart plants with about 400 million gallons in production capacity. Corn ethanol installed capacity is roughly 13.1 billion gallons a year, with about 1.2 billion gallons of capacity idled, according to the Renewable Fuels Association, or RFA, a trade group. Expansion projects point to an additional 1.4 billion gallons of supply on the way.

"Margins have been good, but how long will it last ... unless demand picks up?" asked Jinming Liu, analyst at New York-based research firm Ardour Capital Partners.

Another factor underpinning expansion is the Renewable Fuel Standard program, which requires that refiners blend 12 billion gallons of corn ethanol in 2010, up from 10.5 billion gallons this year. In addition, there is a potential increase in the blend rate to 15%, which the Environmental Protection Agency is considering at the request of producers.

The largest in the parade of new production is Valero. Its subsidiary, Valero Renewable Fuels, agreed to purchase three plants with a combined 330 million gallons of capacity that had been idled.

This adds to Valero's ethanol portfolio and makes it one of the largest producers in the country, with an installed capacity of 1.1 billion gallons. Valero's growth in ethanol started in March, when it acquired seven facilities from bankrupt VeraSun Energy.

Archer Daniels Midland, another large ethanol producer with 1.1 billion gallons of capacity, is starting a new 275-million-gallon plant in Columbus, Neb. An ADM spokesman said the company's other 275-million-gallon plant, in Cedar Rapids, Iowa, will start operations later in 2010. He said the company doesn't discuss details of operational capacity

Associated Press

A Valero plant in Aurora, S.D., seen in May with a temporary sign, was among the facilities bought from VeraSun..

Another producer considering firing a facility back up is **Pacific Ethanol**, whose four operating subsidiaries have been under bankruptcy protection since May. The company last week received court approval to get its 60-million-gallon Magic Valley plant, in Burley, Idaho, back on line. The facility was shut in February as poor ethanol production margins took their toll.

If excess supplies materialize, one potential outcome will be that the most efficient producers waddle through depressed margins until the smaller producers are flushed out, which will help keep production output close to the mandated levels, Rafferty Capital's Mr. Horowitz said in his report.

Why rates could rise faster than many people expect

[Ahead of the Tape]

By Scott Patterson

The news may not be official, but it is becoming clear that the U.S. economy emerged from its longest recession in decades some time in the past few months.

Several reports due out this week will gauge the recovery's strength. The question for investors is whether economic growth will buoy prices—including those for stocks—enough to prompt the Federal Reserve to raise rates.

That could happen sooner than many think.

The economy has been perking up, and stocks have been on a tear. Tuesday, the government's final report on third-quarter gross domestic product is expected to show that the economy grew at an annualized rate of nearly 3%.

Fourth-quarter growth should be stronger. A string of stronger-than-expected data, including a surprise drop in the unemployment rate in November, has prompted many economists to boost fourth-quarter forecasts.

J.P. Morgan Chase and Credit Suisse economists recently boosted fourth-quarter growth estimates to 4.5% from 3.5%.

Consumers are the linchpin. Wednesday, the Reuters/University of Michigan consumer-sentiment index will offer another indicator of holiday-spending strength. Earlier in the month, the bimonthly survey ticked up seven points to 73.4, higher than the 68 level economists expected.

If all these figures continue to impress, there will be the odd combination of solid growth with record-low interest rates—a situation unlikely to last for long.

Many economists expect inflation to remain tepid next year due to high unemployment. But even with high unemployment, prices can rise. In 1984, the core consumer-price index shot up 5%, even as unemployment hovered above 7%. The reason for the burst: strong economic growth.

Economists surveyed by The Wall Street Journal expect tepid growth of 3% next year. But just as economists have been boosting their fourth-quarter outlooks, expectations for 2010 will advance on better data—and so will inflation. Former Fed Vice Chairman Alan Blinder says the Fed may have to boost rates as soon as June as the economy snaps back from extreme lows.

U.S. stocks heading for worst decade ever

Continued from page 19

ABREAST OF THE MARKET

This decade, many of the winners were energy companies. Within the S&P 500, the sector is up about 145%, with stocks such **Chevron** Corp. up 79% and **Exxon Mobil** Corp. up 72%. Consumer staples are up 67%, and utilities have risen 63%. So what went wrong for the U.S. stock market?

For starters, it turned out that the old rules of valuation matter.

"We came into this decade horribly overpriced," said Jeremy Grantham, co-founder of money managers GMO LLC.

In late 1999, the stocks in the S&P 500 were trading at about an all time-high of 44 times earnings, based on Yale Professor Robert Shiller's measure, which tracks prices compared with 10-year earnings and adjusts for inflation. That compares with a long-run average of about 16.

Buying at those kinds of values, "you'd better believe you're going to get dismal returns for a considerable chunk of time," said Mr. Grantham, whose firm predicted 10 years ago that the S&P 500 likely would lose nearly 2% a year in the 10 years through 2009.

Despite the woeful returns this decade, stocks today aren't a steal. The S&P is trading at a price-to-earnings ratio of about 20 on Mr. Shiller's measure.

Mr. Grantham thinks U.S. large-cap stocks are about 30% overpriced, which means returns should be about 30% less than their long-term average for the next seven years. That means returns of just 1.6% a year before inflation.

Another big hurdle for the stock market has been the decline in dividends that began in the late 1980s.

Over the long term, dividends have played an important role in helping stocks achieve a 9.5% average annual return since 1926. But since that year, the average yield on S&P 500 stocks has been roughly 4%. This decade it has averaged about 1.8%, said North Carolina State's Mr. Jones.

That difference "doesn't sound like much," said Mr. Jones, "but you've got to make it up through price appreciation."

China tightens its regulations for property developers

Continued from page 19

Shares of property developers tumbled in Shanghai on Friday after the rules were issued. **China Vanke** Co., China's largest property developer by market value, fell 6%, while **Gemdale** Corp. dropped 7.8%. The benchmark Shanghai Composite Index declined 2.1% to 3113.89.

Matthew Fang, an analyst at Guosen Securities, said the down-payment requirement could discourage property developers from further bidding up already record-high land prices at auctions in more affluent coastal cities.

"It will require developers to be at least more rational when acquiring land," Mr. Fang said. "They must see how much cash they have in their pockets. The rules may not cause property prices to fall per se, but will at least stabilize them."

China's urban property prices grew at their fastest pace in 16 months in November, rising 5.7% from a year earlier.

"Land auctions by local governments will be conducted in a more strict manner than before to meet the central government's new rules," said Johnson Hu, an analyst at UOB Kay Hian. "It may not have a direct impact on housing prices, but it sets a tone that shows the government wants to rein in the property market to deter speculation."

This month, the government also scrapped a tax break on home sales it introduced this year to support the real-estate market during the crisis.

Starting next year, sales of homes by individuals will be exempt from tax only after five years of ownership. The period had been reduced to two years in January.

Mr. Hu said the down-payment rule would increase costs for small to midsize developers, especially those with weak cash positions.

Major players & benchmarks

At right, a look at the Asia Titans, the biggest and best known companies in Asia. Below, some of the Dow Jones Titans indexes of biggest and most liquid stocks in individual countries and regions

Giants around the world

In U.S.-dollar terms.

Dow Jones Country Titans

	INDEX PERFORMANCE		
	Previous session	Year-to-date	52-week
Russia	-0.31%	**101.4%**	106.4%
Brazil	-0.57	**97.6**	95.3
Turkey	0.40	**82.3**	86.1
China 88	-2.19	**75.2**	56.0
Singapore	-0.52	**60.4**	57.2
South Korea	-0.32	**49.0**	40.5
Sweden	-1.16	**46.3**	46.2
Hong Kong	-0.88	**43.6**	35.2
Netherlands	-0.92	**37.0**	35.7
Canada	0.45	**26.5**	32.3
Australia	-0.37	**23.7**	26.6
Switzerland	-0.68	**23.3**	24.5
South Africa	0.22	**21.2**	24.8
France	-0.94	**18.5**	18.2
Italy	-1.05	**18.4**	17.1
U.K.	-0.37	**16.9**	21.5
Germany	-0.27	**15.5**	18.3
Spain	-0.43	**14.5**	13.7
Japan	-0.50	**5.6**	8.5

Dow Jones Regional Sector Titans

Basic Res	-0.40%	**74.8%**	77.2%
Tiger 50*	-0.47	**51.6**	45.3
Technology	1.57	**51.1**	50.0
Nordic 30	-0.42	**34.4**	33.5
EU Enlarged†	-0.35	**29.4**	28.3
Asian 50	-0.97	**27.6**	27.4
Stoxx 50	-0.21	**20.1**	21.9
Global 50	0.12	**18.2**	20.3
Euro Stoxx 50	-0.71	**17.3**	17.5
Arab 50	-0.11	**6.0**	-1.6

*Asia excluding Japan †15 companies from the new EU countries; Cyprus, CzechRepublic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

Source: Dow Jones Indexes

Dow Jones Asia Titans: Friday's best and worst...

Company	Country	Industry	Market value, in billions of US$	Previous close, in local currency	STOCK PERFORMANCE Previous session	52-week	Three-year
Woodside Petroleum	Australia	Exploration Production	$30.1	47.62	**1.97%**	46.8%	26.2%
QBE Ins Grp	Australia	Reinsurance	22.0	24.58	**1.53**	-5.1	-14.2
Japan Tobacco	Japan	Tobacco	31.4	295,500	**1.51**	1.8	-48.0
Commonwealth Bk of Australia	Australia	Banks	71.5	52.86	**1.50**	90.1	8.5
Samsung Elec	South Korea	Semiconductors	97.2	773,000	**1.05**	57.9	26.7
Sumitomo Mitsui Finl	Japan	Banks	$31.7	2,840	**-4.86%**	-27.4	-76.7
Mitsubishi	Japan	Industrial Suppliers	38.9	2,140	**-3.82**	83.5	-3.8
Seven I Hldgs	Japan	Broadline Retailers	18.3	1,831	**-3.28**	-36.2	-50.7
Mizuho Financial Grp	Japan	Banks	27.9	179.00	**-3.24**	-31.1	-78.9
KB Fncl Group	South Korea	Banks	19.3	59,000	**-2.96**	69.5	-18.4

...And the rest of Asia's blue chips

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Woolworths Australia (Food Retailers Wholesalers)	29.7	27.12	**1.01%**	2.4%	14.7%
Tokyo Elec Power Japan (Conventional Electricity)	35.2	2,355	**0.86**	-19.1	-39.8
POSCO South Korea (Iron Steel)	38.3	591,000	**0.85**	52.3	91.9
China Mobile (HK) Hong Kong (Mobile Telecommunications)	182.7	71.30	**0.71**	-12.5	11.4
Honda Motor Japan (Automobiles)	61.9	3,060	**0.66**	69.3	-33.0
Westpac Bking Australia (Banks)	60.9	23.49	**0.60**	35.7	-3.0
Tokio Marine Japan (Property Casualty Insurance)	22.4	2,575	**0.59**	1.2	-39.7
Shin-Etsu Chml Japan (Specialty Chemicals)	23.6	5,030	**0.40**	32.7	-36.7
Nintendo Japan (Toys)	30.3	21,390	**0.28**	-37.9	-28.7
Kansai Elec Power Japan (Conventional Electricity)	22.6	2,135	**0.23**	-17.6	-34.5
East Japan Railway Japan (Travel Tourism)	27.0	6,100	**0.16**	-10.4	-23.3
Canon Japan (Electronic Office Equipment)	51.1	3,740	**...**	37.8	-44.1
Takeda Pharm Japan (Pharmaceuticals)	32.9	3,770	**...**	-14.7	-52.9
JFE Hldgs Japan (Iron Steel)	20.6	3,520	**...**	37.8	-41.6
Hutchison Whampoa Hong Kong (Diversified Industrials)	27.6	50.15	**-0.20**	23.1	-35.5
Nippon T&T Japan (Fixed Line Telecommunications)	53.9	3,680	**-0.27**	-23.8	-37.8
Panasonic Japan (Consumer Electronics)	29.5	1,285	**-0.39**	22.3	-45.0
Mitsubishi UFJ Finl Grp Japan (Banks)	59.2	462.00	**-0.43**	-17.5	-68.8
Taiwan Smcndtr Mfg Taiwan (Semiconductors)	49.5	61.90	**-0.48**	38.4	-4.2
NTT DoCoMo Japan (Mobile Telecommunications)	61.5	130,400	**-0.53**	-23.3	-29.9

Company/Country (Industry)	Market value, in billions (U.S)	Latest, in local currency	STOCK PERFORMANCE Latest	52-week	Three-year
Toyota Motor Japan (Automobiles)	130.4	3,740	**-0.53%**	29.0%	-52.1%
Nippon Steel Japan (Iron Steel)	25.1	361.00	**-0.55**	23.2	-41.2
KDDI Japan (Mobile Telecommunications)	23.2	473,000	**-0.63**	-22.6	-41.2
Hon Hai Precision Ind Taiwan (Electrical Components Equipment)	36.6	139.00	**-0.71**	133.4	-5.3
RioZim Ltd Australia (General Mining)	38.4	71.09	**-0.78**	130.9	23.4
Sun Hung Kai Prop Hong Kong (Real Estate Holding Development)	37.6	113.70	**-0.87**	62.4	30.5
China Life Ins Hong Kong (Life Insurance)	36.3	37.80	**-0.92**	54.3	55.2
Aus NZ Bk Australia (Banks)	47.6	21.34	**-1.11**	45.8	-25.1
Cheung Kong (Hldgs) Hong Kong (Real Estate Holding Development)	28.7	96.05	**-1.18**	17.9	3.1
PetroChina Hong Kong (Integrated Oil Gas)	25.0	9.19	**-1.18**	31.1	-11.5
China Constr Bk Hong Kong (Banks)	184.2	6.36	**-1.40**	32.5	37.7
Nissan Motor Japan (Automobiles)	36.3	726.00	**-1.49**	145.3	-48.8
Sony Japan (Consumer Electronics)	28.1	2,550	**-1.54**	40.0	-49.8
Indl Comm Bk China Hong Kong (Banks)	66.4	6.20	**-1.74**	41.6	40.9
CNOOC Hong Kong (Exploration Production)	68.2	11.84	**-1.82**	64.2	71.4
BHP Billiton Australia (General Mining)	121.3	40.60	**-1.96**	35.7	62.1
Shinhan Financial Grp South Korea (Banks)	18.1	44,750	**-2.08**	45.9	-3.6
Westfield Grp Australia (Retail REITs)	23.9	11.81	**-2.24**	-8.2	-40.6
National Australia Bk Australia (Banks)	47.7	25.99	**-2.48**	30.0	-36.0
Mitsui Japan (Industrial Suppliers)	25.0	1,246	**-2.50**	52.0	-27.9

Sources: Dow Jones Indexes; WSJ Market Data Group

Tracking credit markets & dealmakers

— NOTICE TO READERS —
All statistics published in The Wall Street Journal Asia from markets outside the Asian-Pacific region reflect preliminary data.

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**.
Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Hedge funds

Dow Jones Hedge Benchmark	TOTAL RETURN for rolling periods, net of fees* One week	One month	One quarter	Year to date	One year
Merger Arbitrage	-0.18%	0.34%	1.1%	7.5%	7.3%
Event Driven	0.16	1.24	3.5	15.1	15.5
Equity Long/Short	0.23	0.05	-1.2	3.4	-2.4

*Estimates as of 12/17/09, after fees; Source: www.djhedgefundindexes.com

Credit derivatives

Spreads on credit derivatives are one way the market rates creditworthiness. Regions that are treading in rough waters can see spreads swing toward the maximum—and vice versa. Indexes below are for five-year swaps.

Markit iTraxx Indexes

Index: series/version	Mid-spread, in pct. pts.	Mid-price	Coupon	SPREAD RANGE, in pct. pts. since most recent roll Maximum	Minimum	Average
Europe: 12/1	0.82	100.86%	0.01%	1.00	0.78	0.85
Eur. High Volatility: 12/1	1.19	99.11	0.01	1.76	1.17	1.41
Europe Crossover: 12/1	4.80	100.79	0.05	6.15	4.71	5.27
Asia ex-Japan IG: 12/1	0.97	100.14	0.01	1.29	0.96	1.09
Japan: 12/1	1.39	98.15	0.01	1.68	0.99	1.33

Note: Data as of December 17

Spreads

Spreads on five-year swaps for corporate debt; based on Markit iTraxx indexes.

In percentage points

Source: Markit Group

Credit-default swaps: Asian companies

At its most basic, the pricing of credit-default swaps measures how much a buyer has to pay to purchase-and how much a seller demands to sell-protection from default on an issuer's debt. The snapshot below gives a sense which way the market was moving yesterday.

Showing the biggest improvement...

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Promise	933	**-42**	-42	-17
Sanyo Shinpan Fin	939	**-36**	-33	-4
Acom	320	**-34**	-60	-121
Orix	322	**-33**	-38	-38
Kajima	340	**-10**	-9	55
Ebara	630	**-9**	-5	186
Taisei	392	**-8**	3	45
IHI	331	**-6**	-9	65
Hitachi	90	**-5**	-5	-11
Nomura Secs	167	**-4**	-2	22

And the most deterioration

	Yesterday	CHANGE, in basis points Yesterday	Five-day	28-day
Takashimaya	100	**2**	3	10
KT&G	71	**2**	-6	-13
Nippon Sheet Glass	208	**2**	2	26
Hyundai Mtr	110	**2**	-5	-23
JFE Hldgs	65	**2**	...	7
All Nippon Awys	336	**3**	-4	2
Norinchukin Bk	82	**3**	...	2
Nippon Yusen Kabushiki Kaisha	134	**3**	8	31
Kawasaki Kisen Kaisha	266	**13**	12	99
Nishimatsu Constr	589	**60**	61	85

Source: Markit Group

Behind Asia's deals: Bank revenue rankings, Global (ex US)

Behind every IPO, bond offering, merger deal or syndicated loan is one or more investment banks. Here are investment banks ranked by year-to-date revenues from recent deals.

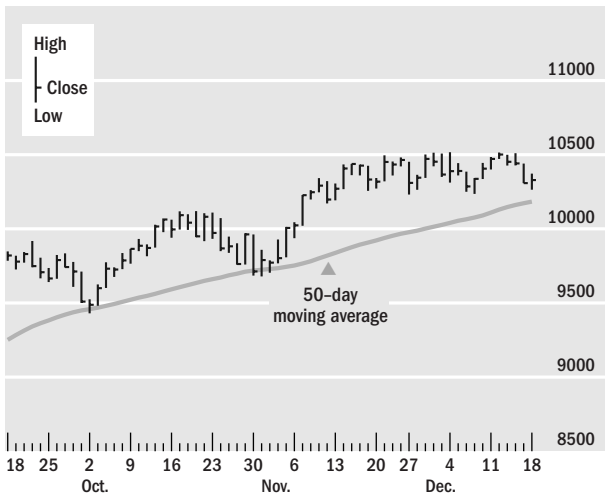
	Revenue, in millions	Market share	PERCENTAGE OF TOTAL REVENUE Equity capital markets	Debt capital markets	Mergers & acquisitions	Loans
JPMorgan	$2,533	7.0%	52%	22%	25%	1%
Credit Suisse	2,056	5.7	47	29	22	1
UBS	1,863	5.1	53	17	29	1
Goldman Sachs	1,776	4.9	48	15	36	...
Deutsche Bank	1,696	4.7	38	35	25	2
Morgan Stanley	1,550	4.3	54	17	28	1
Nomura	1,447	4.0	69	17	14	...
Bank of America Merrill Lynch	1,367	3.8	44	24	29	3
Citi	1,337	3.7	36	31	30	3

Source: Dealogic

SCANNING THE GLOBE

Dow Jones Industrial Average P/E: 18

LAST: **10328.89** ▲ 20.63, or 0.20%
YEAR TO DATE: ▲ **1,552.50, or 17.7%**
OVER 52 WEEKS ▲ **1,749.78, or 20.4%**

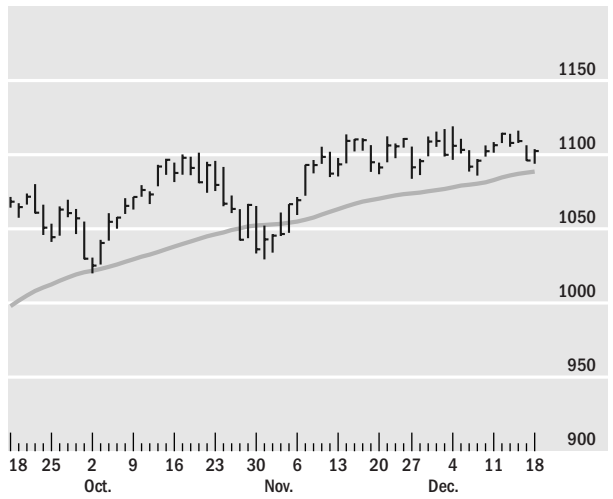


Nasdaq Composite Index P/E: 44*

LAST: **2211.69** ▲ 31.64, or 1.45%
YEAR TO DATE: ▲ **634.66, or 40.2%**
OVER 52 WEEKS ▲ **647.37, or 41.4%**

S&P 500 Index P/E: 73

LAST: **1102.47** ▲ 6.39, or 0.58%
YEAR TO DATE: ▲ **199.22, or 22.1%**
OVER 52 WEEKS ▲ **214.59, or 24.2%**



*Price-to-earnings ratio for the Nasdaq 100 Note: Price-to-earnings ratios are for trailing 12 months

Sources: WSJ Market Data Group; Birinyi Associates

DJIA component stocks

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
AT&T	T	**28.30**	$27.32	0.10	**0.37%**
Alcoa	AA	**27.00**	14.58	0.08	**0.55**
AmExpress	AXP	**8.70**	40.51	0.06	**0.15**
BankAm	BAC	**170.40**	15.03	0.17	**1.14**
Boeing	BA	**7.80**	53.44	-1.03	**-1.89**
Caterpillar	CAT	**6.40**	57.19	-0.34	**-0.59**
Chevron	CVX	**11.20**	76.90	0.12	**0.16**
CiscoSys	CSCO	**53.70**	23.33	0.15	**0.65**
CocaCola	KO	**13.10**	56.92	-0.06	**-0.11**
Disney	DIS	**12.90**	31.95	0.02	**0.06**
DuPont	DD	**6.70**	31.87	-0.14	**-0.44**
ExxonMobil	XOM	**45.50**	68.21	-0.01	**-0.01**
GenElec	GE	**63.30**	15.59	-0.20	**-1.27**
HewlettPk	HPQ	**18.20**	51.50	0.94	**1.86**
HomeDpt	HD	**13.30**	28.65	-0.15	**-0.52**
Intel	INTC	**75.40**	19.63	0.56	**2.94**
IBM	IBM	**6.30**	127.91	0.51	**0.40**
JPMorgChas	JPM	**40.50**	40.95	0.68	**1.69**
JohnsJohns	JNJ	**16.30**	64.37	-0.10	**-0.16**
KftFoods	KFT	**10.40**	27.01	0.13	**0.48**
McDonalds	MCD	**6.30**	62.17	0.25	**0.40**
Merck	MRK	**16.10**	37.40	0.12	**0.32**
Microsoft	MSFT	**67.00**	30.36	0.76	**2.57**
Pfizer	PFE	**48.40**	18.30	0.08	**0.44**
ProctGamb	PG	**16.50**	61.55	-0.04	**-0.06**
3M	MMM	**4.60**	80.97	0.50	**0.62**
TravelersCos	TRV	**6.60**	48.14	-0.24	**-0.50**
UnitedTech	UTX	**6.70**	69.46	-0.12	**-0.17**
Verizon	VZ	**13.90**	32.80	-0.01	**-0.03**
WalMart	WMT	**17.30**	52.85	0.09	**0.17**

U.S. stocks: most active...

Stock	Symbol	Volume, in millions	Latest	CHANGE Points	CHANGE Percentage
Citigroup	C	**2,147.5**	$3.40	$0.20	**6.25%**
BankAm	BAC	**202.2**	15.03	0.17	**1.14**
SPDR S&P 500	SPY	**172.1**	110.21	0.03	**0.03**
WellsFargo	WFC	**145.6**	26.78	0.71	**2.72**
BrisMyrsSqb	BMY	**123.3**	25.78	0.01	**0.04**
Intel	INTC	**98.7**	19.63	0.56	**2.94**
PwrShrs QQQ	QQQQ	**96.4**	44.46	0.64	**1.46**
SPDR FnclSelSct	XLF	**94.4**	14.22	0.16	**1.14**
Microsoft	MSFT	**94.0**	30.36	0.76	**2.57**
E Trade	ETFC	**91.9**	1.78	0.17	**10.56**
Dynegy A	DYN	**89.9**	1.95	0.04	**2.09**
OracleCp	ORCL	**88.2**	24.34	1.46	**6.38**
FordMotor	F	**87.7**	9.68	0.29	**3.09**
VISA ClA	V	**84.2**	88.97	1.94	**2.23**
GenElec	GE	**78.8**	15.59	–0.20	**–1.27**

Biggest gainers...

BnkCarolinas	BCAR	**388.1**	$8.70	$5.35	**159.70%**
SenoRx	SENO	**544.3**	6.77	1.71	**33.79**
AmtchSys	ASYS	**418.9**	10.27	2.07	**25.24**
SmartModTch	SMOD	**5,054.8**	6.01	1.18	**24.43**
CambmLearnGp	ABCD	**324.5**	6.00	1.10	**22.45**

...Biggest losers

RaptorPharma	RPTP	**539.6**	$1.88	-$0.57	**-23.27%**
MrnePdts	MPX	**61.1**	3.88	-0.99	**-20.33**
TransceptPha	TSPT	**138.1**	6.09	-1.39	**-18.58**
ZaleCp	ZLC	**6,022.8**	2.08	-0.45	**-17.79**
pSivida	PSDV	**234.6**	3.40	-0.68	**-16.66**

ADRs of Asian companies*

52-WEEK High	52-WEEK Low	Stock	Symbol	Volume, in OOOs	Latest	CHANGE Points	CHANGE Percentage
$11.39	$6.36	**Taiwan Semi**	TSM	**14,421.1**	$11.11	0.31	**2.87%**
3.87	1.65	**Utd Microelectronics**	UMC	**5,807.0**	3.62	0.14	**4.02**
11.73	6.25	**AU Optrncs**	AUO	**4,897.1**	11.28	0.47	**4.35**
78.75	33.09	**BHP Billiton**	BHP	**3,633.9**	73.30	1.00	**1.38**
8.19	3.78	**Siliconware Prec Ind**	SPIL	**2,400.0**	6.52	0.14	**2.19**
54.99	22.61	**Infosys Tech**	INFY	**2,058.8**	54.64	0.39	**0.72**
15.95	8.56	**China Unicom**	CHU	**1,570.3**	12.67	-0.07	**-0.55**
6.84	3.71	**Mitsu UFJ Fnl**	MTU	**1,547.0**	5.14	0.05	**0.98**
59.22	40.20	**China Mobile**	CHL	**1,244.0**	45.95	0.40	**0.88**
4.00	1.43	**SemiMfgInt**	SMI	**930.4**	3.09	0.14	**4.75**
18.80	12.59	**SK Telecom**	SKM	**905.9**	16.47	-0.02	**-0.12**
32.79	9.91	**Aluminum Cp of China**	ACH	**878.7**	26.90	-0.42	**-1.54**
19.56	15.05	**ChunghwaTel**	CHT	**735.1**	17.99	0.09	**0.50**
4.63	1.49	**Adv Semi Engrg**	ASX	**652.1**	4.20	0.05	**1.20**
81.00	37.43	**China Life Ins**	LFC	**632.9**	73.07	-0.28	**-0.38**
34.52	19.60	**Honda Motor**	HMC	**514.3**	33.92	0.24	**0.71**
30.82	15.64	**Sony**	SNE	**465.9**	28.64	0.06	**0.21**
9.82	5.43	**Telecom Corp of NZ**	NZT	**454.6**	8.76	0.15	**1.74**
135.92	63.94	**PetroChina**	PTR	**452.5**	119.24	-0.76	**-0.63**
17.79	11.30	**KT Corp**	KTC	**420.9**	17.12	0.01	**0.06**
9.50	3.96	**Nomura Hldgs**	NMR	**384.8**	7.46	-0.04	**-0.53**
27.96	17.71	**NTT**	NTT	**352.1**	20.29	-0.10	**-0.49**
15.29	6.85	**Korea Elec Pwr**	KEP	**347.2**	13.72	0.20	**1.48**
7.10	2.00	**Alumina**	AWC	**268.7**	6.05	-0.16	**-2.58**
150.50	47.09	**POSCO**	PKX	**264.6**	125.01	2.49	**2.03**
22.15	5.11	**Yanzhou Coal Mining**	YZC	**253.9**	20.86	-0.04	**-0.19**
42.51	21.23	**Canon**	CAJ	**234.8**	41.35	0.10	**0.24**
87.67	56.79	**Toyota Motor**	TM	**234.4**	82.92	-0.19	**-0.23**
34.43	22.17	**Huaneng Power Intl**	HNP	**205.9**	22.63	0.37	**1.66**
16.60	10.60	**Matsushita Elec**	PC	**194.7**	14.22	-0.03	**-0.21**

*Most active American depositary receipts tracked by Dow Jones

Source: WSJ Market Data Group

Global government bonds

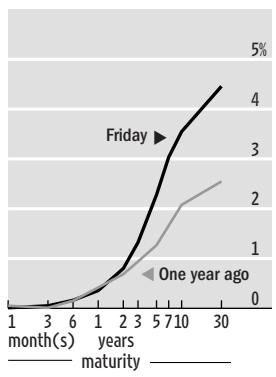
Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 11 a.m. ET

Coupon	Country/ Maturity, in years	Yield	SPREAD OVER TREASURYS, in basis points Latest	Previous	Month ago	Year ago	YIELD Previous	Month ago	Year ago
5.750%	**Australia** 2	**4.240%**	**344.1**	355.2	377.6	**213.5**	**4.330%**	4.538%	**2.826%**
4.500	10	**5.430**	**188.4**	203.8	218.3	**196.8**	**5.563**	5.513	**4.044**
5.250	**Austria** 2	**0.880**	**8.1**	7.8	14.4	**151.5**	**0.856**	0.906	**2.206**
4.350	10	**3.579**	**3.3**	-3.1	26.0	**182.6**	**3.494**	3.590	**3.902**
3.500	**Belgium** 2	**1.068**	**26.9**	22.1	28.4	**170.0**	**0.999**	1.046	**2.391**
4.000	10	**3.575**	**2.9**	2.7	29.8	**174.9**	**3.552**	3.628	**3.825**
1.250	**Canada** 2	**1.313**	**51.4**	54.0	54.8	**50.2**	**1.318**	1.310	**1.193**
3.750	10	**3.413**	**-13.3**	-12.8	4.4	**71.2**	**3.397**	3.374	**2.788**
4.000	**Denmark** 2	**2.007**	**120.8**	111.7	144.1	**...**	**1.895**	2.203	**...**
4.000	10	**3.497**	**-4.9**	-1.2	28.1	**...**	**3.513**	3.611	**...**
1.500	**France** 2	**1.114**	**31.5**	30.3	50.0	**154.8**	**1.081**	1.262	**2.239**
3.750	10	**3.384**	**-16.2**	-12.0	21.7	**138.6**	**3.405**	3.547	**3.462**
1.250	**Germany** 2	**1.173**	**37.4**	37.9	42.0	**119.2**	**1.157**	1.182	**1.883**
3.250	10	**3.147**	**-39.9**	-37.3	-3.2	**91.5**	**3.152**	3.298	**2.991**
0.550	**Hong Kong** 2	**0.580**	**-21.9**	-18.7	-29.1	**3.7**	**0.591**	0.471	**0.728**
2.160	10	**2.547**	**-99.9**	-92.7	-115.1	**-66.7**	**2.598**	2.179	**1.409**
3.750	**Italy** 2	**1.458**	**65.9**	67.3	67.7	**248.0**	**1.451**	1.439	**3.171**
4.250	10	**3.981**	**43.5**	45.0	69.3	**224.8**	**3.975**	4.023	**4.324**
0.200	**Japan** 2	**0.165**	**-63.4**	-61.1	-51.7	**-27.1**	**0.167**	0.245	**0.420**
1.300	10	**1.237**	**-230.9**	-227.7	-199.0	**-79.1**	**1.248**	1.340	**1.285**
4.000	**Netherlands** 2	**0.784**	**-1.5**	4.4	12.9	**147.0**	**0.822**	0.891	**2.161**
4.000	10	**3.349**	**-19.7**	-16.5	18.9	**156.5**	**3.360**	3.519	**3.641**
3.200	**Portugal** 2	**1.218**	**41.9**	43.9	39.3	**206.5**	**1.217**	1.155	**2.756**
4.750	10	**3.899**	**35.3**	35.8	44.6	**186.7**	**3.883**	3.776	**3.943**
5.350	**Spain** 2	**1.543**	**74.4**	65.5	58.2	**187.4**	**1.433**	1.344	**2.565**
4.300	10	**3.855**	**30.9**	27.1	47.8	**177.7**	**3.796**	3.808	**3.853**
2.750	**Switzerland** 2	**0.596**	**-20.3**	-42.9	-31.9	**3.8**	**0.349**	0.443	**0.729**
2.250	10	**1.932**	**-161.4**	-165.0	-136.9	**12.5**	**1.875**	1.961	**2.201**
3.250	**U.K.** 2	**1.120**	**32.1**	42.0	53.1	**58.0**	**1.198**	1.293	**1.271**
4.500	10	**3.761**	**21.5**	33.8	33.9	**110.0**	**3.863**	3.669	**3.176**
0.750	**U.S.** 2	**0.799**	**...**	...	...	**...**	**0.778**	0.762	**0.691**
3.375	10	**3.546**	**...**	...	...	**...**	**3.525**	3.330	**2.076**

Source: Thomson Reuters

U.S. Treasury yield curve

The curve shows the yield to maturity of current bills, notes and bonds; all data as of 3 p.m. ET.



Ryan Index	Yield to maturity	Modified duration	TOTAL RETURN Month to-date	Quarter to-date	Year to-date	12-month
30-year Treasury	**4.458%**	16.43	–4.06%	–5.56%	–23.49%	–25.47%
10-year Treasury	**3.548**	8.32	–2.68	–1.20	–7.29	–8.56
7 Year Treasury	**3.036**	6.26	–2.00	0.28	...	...
Five-year Treasury	**2.279**	4.67	–1.15	1.06	1.03	0.17
Ryan Index	**2.574**	6.76	–1.75	–0.61	–4.98	–5.91
3 Year Treasury	**1.323**	2.93	–0.41	1.07	2.14	2.07
Two-year Treasury	**0.799**	1.93	–0.21	0.72	1.85	1.86
1 Year Treasury	**0.356**	0.99	–0.03	0.27	1.03	1.11
Six-month Treasury	**0.162**	0.50	0.01	0.07	0.64	0.67
Ryan Cash Index-a	**0.145**	0.45	...	0.10	0.54	0.57
Three-month bill	**0.051**	0.25	0.01	0.05	0.36	0.34
One-month bill	**0.010**	0.07	0.01	0.02	0.14	0.15

a-Performance of a cash investment

Source: Ryan ALM

Key money rates

	Latest	52 wks ago
Prime rates		
U.S.	**3.25%**	3.25%
Canada	**2.25**	3.50
Japan	**1.475**	1.675
Britain	**0.50**	2.00
ECB	**1.00**	2.50
Switzerland	**0.52**	2.02
Australia	**3.75**	4.25
Hong Kong	**5.25**	n.a.
Libor		
One month	**0.23188%**	0.47375%
Three month	**0.25125**	1.49750
Six month	**0.43538**	1.84500
One year	**0.96838**	2.09250

	Latest	52 wks ago
Euro Libor		
One month	**0.44688%**	2.79750%
Three month	**0.66750**	3.07625
Six month	**0.97500**	3.16313
One year	**1.21688**	3.24938
Hibor		
One month	**0.06929**	0.40286%
Three month	**0.11821**	1.10357
Six month	**0.25857**	1.64643
One year	**0.59500**	2.00000
Asian dollars		
One month	**0.2416%**	0.47%
Three month	**0.2636**	1.5075
Six month	**0.4590**	1.8475
One year	**0.9980**	2.0625

	Offer	Bid
Eurodollars		
One month	**0.2900%**	0.1900%
Three month	**0.3200**	0.2200
Six month	**0.3900**	0.2900
One year	**0.6000**	0.5000

	Latest	52 wks ago
U.S. discount	**0.50%**	0.50%
Fed-funds target	**0.25**	0.25
Call money	**2.00**	2.00
Overnight repurchase rates		
U.S.	**0.23%**	0.10%
U.K. (BBA)	**0.482**	1.850
Euro zone	**0.31**	2.13

Sources: WSJ Market Data Group; Reuters

GLOBAL MARKETS LINEUP

Commodities

Prices of futures contracts with the most open interest

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **NYBOT:** New York Board of Trade; **MDEX:** Bursa Malaysia Derivatives Berhad; **LIFFE:** London International Financial Futures Exchange; **LME:** London Mercantile Exchange; **NYMEX:** New York Mercantile Exchange; **ICE:** IntercontinentalExchange

	Commodity	Exchange	Last price	ONE-DAY CHANGE Net	ONE-DAY CHANGE Percentage	Contract high	Contract low
	Corn (cents/bu.)	CBOT	**397.75**	0.75	**0.19%**	712.25	315.50
	Soybeans (cents/bu.)	CBOT	**1020.00**	-10.00	**-0.97%**	1,560.00	805.00
	Wheat (cents/bu.)	CBOT	**528.00**	9.50	**1.83**	1,029.25	459.00
	Live cattle (cents/lb.)	CME	**84.850**	0.300	**0.35**	108.600	81.900
	Cocoa ($/ton)	ICE-US	**3,251**	-173	**-5.05**	3,510	1,994
	Coffee (cents/lb.)	ICE-US	**145.25**	-0.95	**-0.65**	188.65	115.00
	Sugar (cents/lb.)	ICE-US	**26.34**	-0.09	**-0.34**	26.94	11.91
	Cotton (cents/lb.)	ICE-US	**75.28**	-0.46	**-0.61**	84.00	49.67
	Crude palm oil (ringgit/ton)	MDEX	**2,604.00**	24	**0.93**	2,620	2,013
	Cocoa (pounds/ton)	LIFFE	**2,217**	-87	**-3.78**	2,337	1,310
	Robusta coffee ($/ton)	LIFFE	**1,364**	-22	**-1.59**	1,710	1,311
	Copper (cents/lb.)	COMEX	**313.85**	1.05	**0.34**	365.00	135.50
	Gold ($/troy oz.)	COMEX	**1111.50**	4.10	**0.37**	1,227.50	762.30
	Silver (cents/troy oz.)	COMEX	**1732.00**	12.50	**0.73**	2,011.50	1,045.00
	Aluminum ($/ton)	LME	**2,250.50**	5.50	**0.24**	2,283.00	1,288.00
	Tin ($/ton)	LME	**15,925.00**	325.00	**2.08**	15,925.00	9,750.00
	Copper ($/ton)	LME	**6,890.00**	-59.50	**-0.86**	7,100.00	2,815.00
	Lead ($/ton)	LME	**2,348.00**	-17.00	**-0.72**	2,487.00	870.00
	Zinc ($/ton)	LME	**2,437.00**	36.00	**1.50**	2,437.00	1,086.00
	Nickel ($/ton)	LME	**17,150**	25	**0.15**	21,150	9,475
	Crude oil ($/bbl.)	NYMEX	**74.42**	0.34	**0.46**	117.00	47.60
	Heating oil ($/gal.)	NYMEX	**1.9753**	-0.0010	**-0.05**	3.5570	1.3816
	RBOB gasoline ($/gal.)	NYMEX	**1.9171**	0.0387	**2.06**	2.1342	1.2304
	Natural gas ($/mmBtu)	NYMEX	**5.805**	0.018	**0.31**	12.590	4.550
	Brent crude ($/bbl.)	ICE-EU	**73.75**	0.38	**0.52**	145.00	50.00
	Gas oil ($/ton)	ICE-EU	**595.25**	3.50	**0.59**	790.00	443.50

Source: Thomson Reuters; WSJ Market Data Group

WSJ.com

Follow the markets throughout the day with updated stock quotes, news and commentary at **WSJ.com/Asia**. Also, receive email alerts that summarize the day's trading in Europe and Asia. To sign up, go to **WSJ.com/OnlineToday**

Currencies

London close on Dec. 18

AMERICAS	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Argentina peso-a	5.4513	0.1834	3.8185	0.2619
Brazil real	2.5550	0.3914	1.7898	0.5587
Canada dollar	1.5236	0.6563	1.0673	0.9370
1-mo. forward	1.5236	0.6563	1.0672	0.9370
3-mos. forward	1.5236	0.6563	1.0673	0.9370
6-mos. forward	1.5239	0.6562	1.0674	0.9368
Chile peso	718.73	0.001391	503.45	0.001986
Colombia peso	2894.53	0.0003455	2027.55	0.0004932
Ecuador US dollar-f	1.4276	0.7005	1	1
Mexico peso-a	18.4724	0.0541	12.9395	0.0773
Peru sol	4.1208	0.2427	2.8865	0.3464
Uruguay peso-e	27.910	0.0358	19.550	0.0512
U.S. dollar	1.4276	0.7005	1	1
Venezuela bolivar	3.07	0.326213	2.15	0.465701
ASIA-PACIFIC				
Australia dollar	1.6098	0.6212	1.1276	0.8868
China yuan	9.7477	0.1026	6.8281	0.1465
Hong Kong dollar	11.0748	0.0903	7.7577	0.1289
India rupee	66.6832	0.0150	46.7100	0.0214
Indonesia rupiah	13527	0.0000739	9475	0.0001055
Japan yen	129.60	0.007716	90.79	0.011015
1-mo. forward	129.58	0.007717	90.76	0.011017
3-mos. forward	129.53	0.007720	90.73	0.011021
6-mos. forward	129.42	0.007727	90.65	0.011031
Malaysia ringgit-c	4.9074	0.2038	3.4375	0.2909
New Zealand dollar	2.0162	0.4960	1.4123	0.7081
Pakistan rupee	120.204	0.0083	84.200	0.0119
Philippines peso	66.562	0.0150	46.625	0.0214
Singapore dollar	2.0033	0.4992	1.4033	0.7126
South Korea won	1676.25	0.0005966	1174.18	0.0008517
Taiwan dollar	46.215	0.02164	32.373	0.03089
Thailand baht	47.446	0.02108	33.235	0.03009

EUROPE	Per euro	In euros	Per U.S. dollar	In U.S. dollars
Euro zone euro	1	1	0.7005	1.4276
1-mo. forward	1.0001	0.9999	0.7005	1.4275
3-mos. forward	1.0002	0.9998	0.7006	1.4273
6-mos. forward	1.0006	0.9994	0.7009	1.4267
Czech Rep. koruna-b	26.362	0.0379	18.466	0.0542
Denmark krone	7.4420	0.1344	5.2130	0.1918
Hungary forint	277.21	0.003607	194.18	0.005150
Norway krone	8.3741	0.1194	5.8659	0.1705
Poland zloty	4.2044	0.2378	2.9451	0.3395
Russia ruble-d	43.802	0.02283	30.683	0.03259
Sweden krona	10.4171	0.0960	7.2969	0.1370
Switzerland franc	1.4949	0.6689	1.0472	0.9550
1-mo. forward	1.4946	0.6691	1.0469	0.9552
3-mos. forward	1.4940	0.6694	1.0465	0.9556
6-mos. forward	1.4927	0.6699	1.0456	0.9564
Turkey lira	2.1739	0.4600	1.5228	0.6567
U.K. pound	0.8876	1.1266	0.6218	1.6083
1-mo. forward	0.8878	1.1264	0.6219	1.6081
3-mos. forward	0.8881	1.1260	0.6221	1.6075
6-mos. forward	0.8885	1.1254	0.6224	1.6067
MIDDLE EAST/AFRICA				
Bahrain dinar	0.5382	1.8581	0.3770	2.6526
Egypt pound-a	7.8518	0.1274	5.5000	0.1818
Israel shekel	5.4270	0.1843	3.8015	0.2631
Jordan dinar	1.0118	0.9883	0.7088	1.4109
Kuwait dinar	0.4089	2.4458	0.2864	3.4916
Lebanon pound	2143.54	0.0004665	1501.50	0.0006660
Saudi Arabia riyal	5.3548	0.1867	3.7509	0.2666
South Africa rand	10.8498	0.0922	7.6000	0.1316
United Arab dirham	5.2423	0.1908	3.6721	0.2723
SDR -f	0.9086	1.1007	0.6364	1.5713

a-floating rate b-commercial rate c-government rate c-commercial rate d-Russian Central Bank rate f-Special Drawing Rights from the International Monetary Fund ; based on exchange rates for U.S., British and Japanese currencies.
Note: Based on trading among banks in amounts of $1 million and more, as quoted by Thomson Reuters.

Major stock market indexes

Stock indexes from around the world, grouped by region. Shown in local-currency terms.

Price-to-earnings ratio*	Region/Country	Index	PREVIOUS SESSION Close	Net change	Percentage change	PERFORMANCE Yr.-to-date	52-wk.
32	**ASIA-PACIFIC**	**DJ Asia-Pacific**	120.21	-0.83	**-0.69%**	28.4%	29.6%
...	Australia	**SPX/ASX 200**	4650.52	-19.75	**-0.42**	24.9	28.6
29	China	**CBN 600**	27511.64	-771.96	**-2.73**	86.3	66.1
20	Hong Kong	**Hang Seng**	21175.88	-171.75	**-0.80**	47.2	40.0
19	India	**Sensex**	16719.83	-174.42	**-1.03**	73.3	65.5
...	Indonesia	**Jakarta Composite**	2509.576		**Closed**	85.2	86.1
...	Japan	**Nikkei Stock Average**	10142.05	-21.75	**-0.21**	14.5	18.1
...		**Topix**	893.59	-2.69	**-0.30**	4.0	7.1
...	Malaysia	**Kuala Lumpur Composite**	1266.97		**Closed**	44.5	44.6
...	New Zealand	**NZSX-50**	3154.229	31.313	**1.00%**	16.1	18.8
8	Pakistan	**KSE 100**	9183.73	-43.45	**-0.47**	56.6	22.2
16	Philippines	**Manila Composite**	3016.99	-31.16	**-1.02**	61.1	58.5
...	Singapore	**Straits Times**	2802.59	-10.68	**-0.38**	59.1	56.1
11	South Korea	**Kospi**	1647.04	-0.80	**-0.05**	46.5	39.5
21	Taiwan	**Weighted**	7753.63	11.46	**0.15**	68.9	65.2
10	Thailand	**SET**	715.68	-0.13	**-0.02**	59.1	60.1
50	**EUROPE**	**DJ Stoxx 600**	246.19	-0.99	**-0.40**	25.0	25.3
22		**DJ Stoxx 50**	2503.14	-5.39	**-0.21**	21.2	21.9
62	**Euro Zone**	**DJ Euro Stoxx**	266.97	-1.80	**-0.67%**	19.8%	20.5%
20		**DJ Euro Stoxx 50**	2871.22	-20.44	**-0.71**	17.1	17.5
15	Denmark	**OMX Copenhagen**	313.70	-0.71	**-0.23**	38.7	37.7
20	Finland	**OMX Helsinki**	6215.43	-17.94	**-0.29**	15.0	16.4
19	France	**CAC-40**	3794.44	-36.38	**-0.95**	17.9	17.6
...	Germany	**DAX**	5831.21	-13.23	**-0.23**	21.2	24.2
16	Italy	**FTSE MIB**	22472.43	-205.31	**-0.91**	15.5	14.2
...	Netherlands	**AEX**	324.63	-2.05	**-0.63**	32.0	30.1
...	Russia	**RTSI**	1410.22	9.31	**0.66%**	123.2	122.4
11	Spain	**IBEX 35**	11645.0	-51.9	**-0.44**	26.6	25.6
14	Switzerland	**SMI**	6464.32	-24.91	**-0.38**	16.8	18.4
...	Turkey	**ISE National 100**	50138.45	175.24	**0.35**	86.6	91.3
14	U.K.	**FTSE 100**	5196.81	-20.80	**-0.40**	17.2	21.2
21	**AMERICAS**	**DJ Americas**	291.72	1.43	**0.49**	29.0	31.4
...	Brazil	**Bovespa**	66794.20	-273.75	**-0.41**	77.9	70.7
...	Argentina	**Merval**	2215.45	-10.03	**-0.45**	105.2	102.2
20	Mexico	**IPC**	31834.07	-114.34	**-0.36**	42.2	43.3

*P/E ratios use trailing 12-months, as-reported earnings
European and Americas index data are as of 5:00 p.m. ET.

Sources: Thomson Reuters; WSJ Market Data Group

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal, including foreign stock quotations, futures and futures options prices, and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones Indexes.

Dow Jones and Dow Jones Stoxx Indexes

Dividend yield*	Price-to-earnings ratio*	Dows Jones Index	PERFORMANCE (euros) Last	Daily	52-wk.	PERFORMANCE (U.S.dollars) Last	Daily	52-wk.
2.23%	20	**DJ Global Index** -a				221.48	**-0.23%**	30.6%
1.89	21	**Global Dow**	1273.40	**-0.12%**	24.3%	1935.31	**-0.38**	27.7
2.72	50	**Stoxx 600**	246.20	**-0.40**	25.3	262.51	**-0.89**	28.4
2.84	38	**Stoxx Large 200**	263.10	**-0.40**	22.6	278.98	**-0.90**	25.6
2.17	-90	**Stoxx Mid 200**	229.60	**-0.53**	37.4	243.52	**-1.02**	40.8
2.14	-87	**Stoxx Small 200**	145.90	**-0.11**	47.4	154.69	**-0.61**	51.0
2.81	62	**Euro Stoxx**	267.00	**-0.67**	20.5	284.66	**-1.16**	23.5
2.92	50	**Euro Stoxx Large 200**	284.00	**-0.69**	18.3	300.98	**-1.18**	21.2
2.25	-3381	**Euro Stoxx Mid 200**	246.60	**-0.76**	27.9	261.17	**-1.25**	31.1
2.25	-84	**Euro Stoxx Small 200**	162.10	**-0.15**	43.2	171.57	**-0.64**	46.7
4.74	17	**Stoxx Select Dividend 30**	1414.30	**-0.66**	24.4	1728.04	**-1.15**	27.4
3.98	23	**Euro Stoxx Select Div 30**	1672.70	**-0.89**	25.1	2051.59	**-1.38**	28.2
4.01%	15	**U.S. Select Dividend -d**				645.00	**-0.08%**	12.7%
3.87	17	**Infrastructure**	1475.90	**0.40%**	23.6%	2013.58	**0.13**	26.9
1.43	26	**Luxury**	851.40	**-0.73**	41.6	1032.90	**-0.99**	45.5
6.19	6	**BRIC 50**	422.50	**-0.17**	67.2	576.38	**-0.44**	71.7
2.77	14	**Africa 50**	735.30	**0.58**	27.2	667.81	**0.31**	30.6
3.67	13	**GCC**				1359.47	**-0.02**	-10.0
2.67	19	**Sustainability**	815.60	**-0.05**	26.2	985.39	**-0.31**	29.6
2.18	15	**Islamic Market -a**				1928.46	**0.07**	32.6
2.50	16	**Islamic Market 100**	1698.30	**0.44**	18.0	2079.82	**0.17**	21.2
4.67	13	**Islamic Turkey -c**	2829.90	**1.32**	55.4			
1.79	29	**DJ U.S. TSM**				11314.47	**0.30**	26.8
		DJ-UBS Commodity	130.00	**0.27**	18.2	134.77	**-0.22**	21.1

*Fundamentals are based on data in U.S. dollar. Footnotes: a-in US dollar. b-dividends reinvested. c-in local currency. Note:All data as of 2 p.m.ET. Source: DowJones Indexes

Cross rates

U.S.-dollar and euro foreign-exchange rates in global trading

U.S.	US$	A$ 1.128	£ 0.622	C$ 1.067	YUAN 6.828	EURO 0.700	HK$ 7.758	RUPEE 46.710	RUPIAH 9475.08	YEN 90.785	NZ$ 1.412	WON 1174.18	RINGGIT 3.438	PH. PESO 46.625	S$ 1.403	S FRANC 1.047	TW$ 32.372	BAHT 33.235
Australia	0.887		0.551	0.946	6.055	0.621	6.879	41.422	8402.50	80.508	1.252	1041.26	3.048	41.347	1.244	0.929	28.708	29.473
Britain	1.608	1.814		1.717	10.982	1.127	12.477	75.126	15239.25	146.014	2.272	1888.49	5.529	74.989	2.257	1.684	52.066	53.454
Canada	0.937	1.057	0.583		6.398	0.656	7.269	43.767	8878.03	85.064	1.323	1100.19	3.221	43.687	1.315	0.981	30.333	31.141
China	0.1465	0.165	0.091	0.156		0.103	1.136	6.841	1387.67	13.296	0.207	171.96	0.503	6.828	0.206	0.153	4.741	4.867
Euro	1.428	1.610	0.888	1.524	9.748		11.075	66.683	13526.63	129.605	2.016	1676.26	4.907	66.562	2.003	1.495	46.215	47.446
Hong Kong	0.129	0.145	0.080	0.138	0.880	0.090		6.021	1221.39	11.703	0.182	151.36	0.443	6.010	0.181	0.135	4.173	4.284
India	0.0214	0.0241	0.0133	0.0228	0.1462	0.0150	0.1661		202.85	1.9436	0.0302	25.14	0.0736	0.9982	0.0300	0.0224	0.6931	0.7115
Indonesia	0.0001	0.0001	0.0001	0.0001	0.0007	0.0001	0.0008	0.0049		0.0096	0.0001	0.12	0.0004	0.0049	0.0001	0.0001	0.0034	0.0035
Japan	0.011	0.012	0.007	0.012	0.075	0.008	0.085	0.515	104.37		0.016	12.93	0.038	0.514	0.015	0.012	0.357	0.366
New Zealand	0.708	0.798	0.440	0.756	4.835	0.496	5.493	33.073	6708.83	64.280		831.38	2.434	33.013	0.994	0.741	22.921	23.532
South Korea	0.0009	0.0010	0.0005	0.0009	0.0058	0.0006	0.0066	0.0398	8.07	0.0773	0.0012		0.0029	0.0397	0.0012	0.0009	0.0276	0.0283
Malaysia	0.291	0.328	0.181	0.310	1.986	0.204	2.257	13.588	2756.39	26.410	0.411	341.58		13.564	0.408	0.305	9.417	9.668
Philippines	0.021	0.024	0.013	0.023	0.146	0.015	0.166	1.002	203.22	1.947	0.030	25.18	0.074		0.030	0.022	0.694	0.713
Singapore	0.713	0.804	0.443	0.761	4.866	0.499	5.528	33.287	6752.24	64.696	1.006	836.76	2.450	33.226		0.746	23.070	23.684
Switzerland	0.955	1.077	0.594	1.019	6.521	0.669	7.408	44.607	9048.45	86.697	1.349	1121.31	3.283	44.526	1.340		30.915	31.739
Taiwan	0.031	0.035	0.019	0.033	0.211	0.022	0.240	1.443	292.69	2.804	0.044	36.27	0.106	1.440	0.043	0.032		1.027
Thailand	0.030	0.034	0.019	0.032	0.205	0.021	0.233	1.405	285.09	2.732	0.042	35.33	0.103	1.403	0.042	0.032	0.974	

Source: Thomson Reuters via WSJ Market Data Group

MSCI indexes

Developed and emerging-market regional and country indexes from MSCI Barra as of December. 18, 2009

Dividend yield	Price-to-earnings ratio	Morgan Stanley Index	Last	LOCAL-CURRENCY PERFORMANCE Daily	YTD	52-wk.
2.50%	25	**ALL COUNTRY (AC) WORLD***	292.93	-1.76%	**28.7%**	33.1%
2.50	26	**World (Developed Markets)**	1,145.38	-1.74	**24.5**	28.3
1.90	124	**World Small Cap**	185.62	-1.37	**38.3**	46.4
2.60	22	**Kokusai (World ex-Japan)**	1,132.21	-1.84	**26.9**	30.0
3.10	26	**EAFE**	1,548.96	-2.27	**25.2**	32.6
2.20	20	**Emerging Markets (EM)**	954.93	-1.90	**68.4**	81.2
2.60	25	**AC ASIA PACIFIC EX-JAPAN**	399.69	-1.19	**61.6**	75.7
2.10	25	**AC Far East ex-Japan**	434.54	-1.23	**59.3**	75.3
1.80	-35	**Japan**	559.61	-0.22	**5.6**	8.6
1.90	20	**China**	63.19	-1.50	**54.9**	71.1
0.90	39	**China A (Domestic)**	3,299.22	-2.39	**90.2**	89.8
2.60	23	**Hong Kong**	9,927.57	-1.52	**51.5**	57.1
1.00	21	**India**	685.71	0.09	**85.7**	98.0
1.10	24	**Korea**	469.06	-1.16	**52.8**	57.0
2.40	21	**Malaysia**	468.35	-0.12	**45.8**	47.6
3.10	17	**Singapore**	1,575.73	-0.23	**58.1**	60.2
2.70	315	**Taiwan**	279.28	0.23	**61.1**	66.7
3.10	20	**Thailand**	291.93	-0.12	**57.7**	75.9
4.00	25	**Australia**	958.82	0.00	**25.3**	24.2
5.30	16	**New Zealand**	83.44	-0.53	**9.9**	7.6
1.90	32	**US BROAD MARKET**	1,213.67	-1.15	**23.5**	25.5
3.40	17	**EUROPE**	85.93	-1.30	**23.8**	18.8

*Twenty-three developed and 26 emerging markets Source: MSCI Barra

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Tidying up after China's loan binge

Groaning under the weight of a massive surge in bank lending this year, China's banks are trying to find ways to get some of those loans off their books.

Selling loans to trust companies has become a favored tactic, with the trust companies then repackaging the loans and selling them to clients. It is a murky area, with data hard to come by, but the activity is increasing. One research company estimates that loans worth more than $23 billion were sold on in November, equivalent to more than half of new loans made by Chinese banks that month.

Some might say there is nothing wrong with that; after all, securitization has become common practice for global banks. But in China there is minimal regulation in this area, something that has proved dangerous in other countries. This leads to an accounting issue because Chinese banks are shifting the loans off their balance sheets to help improve their capital standing even though they could still bear the risk associated with those loans—especially if, as is often the case, the banks have promised to repurchase the loans at a later date.

It is unclear what the China Banking Regulatory Commission intends to do about the issue of potential balance-sheet under-reporting. But worries like this could explain recent talk that the CBRC wants to raise capital-adequacy ratios for the banks.

That might seem over-cautious as Chinese banks' capital-adequacy ratios appear pretty robust on paper. Of the major listed banks, **Bank of China** had the lowest headline ratio as of end-September, at 11.63%, with others seeing ratios above 12%. That is reasonably high by international standards, but in each case the ratio is down since the start of the year.

Besides questions about below-the-radar loan selling, there are other potential gremlins for the banks that justify enforcing more prudent capital levels.

For example, it isn't clear whether the amount that banks disclose as nonperforming loans captures the full extent of bad debt on their books. The CBRC also has been worried this year about the banks' reliance on subordinated debt as part of their core capital, in part because of the systemic risk this represents; about 50% of such debt in issue is held by other Chinese banks.

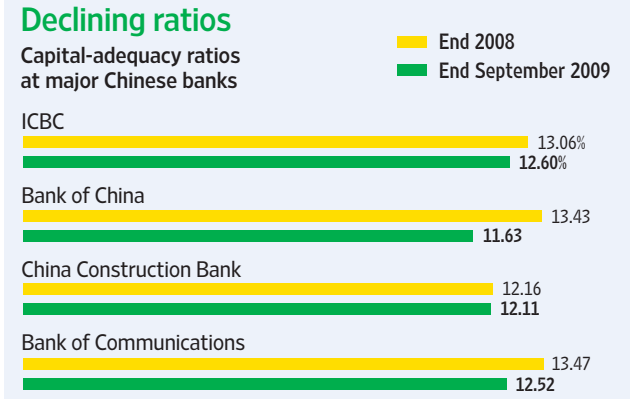
Add these potential pitfalls and it is possible to see why the CBRC might be concerned about bank-capital levels behind the strong-looking headline figures.

That is even before factoring in an expected rise in bad debts over the medium term, as some loans made during this year's lending binge go bad. It has been quite a party for the banks in China this year. For those cleaning up afterward, the headaches are growing.

—Andrew Peaple

Declining ratios

Capital-adequacy ratios at major Chinese banks



Sources: the companies (chart); Agence France-Presse/Getty Images (photo)

Despite some big exits, TARP isn't rolled up yet

Don't write "fini" to the TARP era just yet.

Yes, **Bank of America** has repaid its Troubled Asset Relief Program funds, and **Citigroup** and **Wells Fargo** are in the process of exiting as well. Many observers view the flurry of repayments as a sign that the era of bailouts is ending and the banking industry is rebounding.

Still, many banks below the top-tier national and superregional banks look unlikely to repay TARP soon. Beyond the eight original TARP recipients, only 17 of the other 69 banks who got at least $100 million from TARP have repaid the funds. The top eight's combined assets of $9.4 trillion outweigh the larger group's still sizable $2.5 trillion.

Some banks would hurt themselves or their shareholders if they repaid now. They are posting losses, have high levels of bad or overvalued loans for which they aren't adequately prepared,

Consider **Marshall & Ilsley**, which posted third-quarter and nine-month losses, and says it "will take a few more quarters to fully address our problem loans." Greg Smith, M&I's chief financial officer, said there was only "a very small likelihood" it would repay its $1.7 billion in TARP funds in 2010, but said it has "a pretty good capital base."

The banks want TARP to be over, but security is better than haste. Investors understand that; witness the skepticism about Citi's capital raise to exit TARP. That means the post-TARP era, and a true banking revival, may wait awhile.

—Michael Rapoport

Message from Iran

Stirring up trouble with a neighbor is an old political tactic for embattled regimes. But the Iranian forces that apparently surrounded an Iraqi oil well Friday also might serve an economic objective.

Reva Bhalla, director of analysis at Strafor, a global intelligence firm, reckons Iran may be sending a warning to the U.S. and Israel. Tehran also might hope to divert the passions of its citizens away from protests about this year's presidential election.

But this particular bout of saber rattling also comes days after Iraq announced the results of its second auction of oil licenses to foreign firms. These offer a low, fixed payment per barrel of oil produced, encouraging producers to raise Iraqi output as quickly as possible. They aim to boost the country's production of about 2.5 million barrels a day to 8.5 million barrels a day or more within a decade or so. That looks unrealistic, but even partial success would keep markets well-supplied, putting the onus on members of the Organization of Petroleum Exporting Countries like Iran to curb their own output.

Iran's economy and state finances are tied to oil, which accounts for 80% of its exports, according to the U.S. Central Intelligence Agency.

If this incursion helps to remind foreign companies of the potential hazards they face in helping Iraq realize its oil-producing potential, therefore, so much the better for the Iranian government.

—Liam Denning

Trade Up.

Dow Jones delivers institutional sales and trading professionals the information they need to trade more efficiently, productively and profitably.

Successful trading strategies depend upon access to the right information at the right time. Dow Jones consistently delivers breaking news from The Wall Street Journal first to Dow Jones Newswires, informing our own customers before anybody else.

By providing innovative, ultra-low-latency technology solutions and the world's most relied upon business news, Dow Jones enables institutional sales and trading professionals to make more rapid and targeted trading decisions.

It's time to trade up to the market-moving news that matters most, at the speed you need. To learn more about Dow Jones Solutions for Sales & Trading, call +61.2.8272.4600 or email us at **moreinfo.asiapacific@dowjones.com.**

DOWJONES

© Copyright 2009 Dow Jones & Co., Inc. All rights reserved. 2WIAS2414

MARKETS LINEUP

Moving the markets

At right, Japan's benchmark stock index and the biggest movers among the larger Asian stocks indexes and stocks Friday. Below each index are its most actively traded stocks. The charts show the percentage change in each index's or stock's value, rather than the point change, for purposes of comparison. The index level or stock price is indicated on each axis. All indexes and stocks are shown in local currency terms.

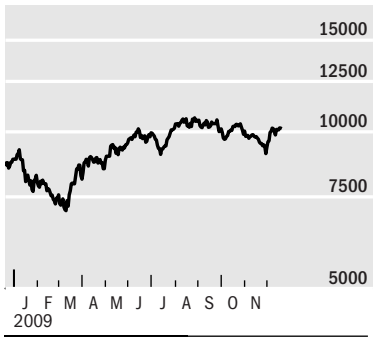
WSJ.com

Follow the markets throughout the day, with updated stock quotes, news and commentary at **WSJ.com.**.
Also, receive emails that summarize the day's trading in Europe and Asia.
To sign up, go to **WSJ.com/Email**

Asian index movers...

Nikkei Stock Average
Japan 10142.05
▼ **0.21% or 21.75**

Resource plays fell on weaker commodities prices. Even so, the index edged up 0.3% for the week, its third consecutive weekly gain. It's now up 8.5% in December.



Stock	Volume in millions	Close	Change Net	Change %
Mizuho Financial	**200.11**	179	–6	–3.24
Mtshbsh Fin Grp	**148.38**	462	–2	–0.43
Hitachi	**101.05**	260	6	2.36
Nippon Yusen	**58.89**	283	6	2.17
NEC	**36.43**	228	3	1.33

CBN 600
China 27511.64
▼ **2.73% or 771.96**

Property developers fell as China sought to curb rising property prices. Friday's losses brought losses in the index for the week to 5.5% and to the lowest close since Nov. 27.

Stock	Volume in millions	Close	Change Net	Change %
United Network	**437.78**	6.86	0.05	0.73
China State Con	**323.86**	4.68	–0.10	–2.09
ChinaVankeCoA	**217.07**	10.59	–0.68	–6.03
ChinaPetrol&Chem	**185.61**	12.99	0.06	0.46
ChinaMinshengBkg	**158.71**	7.50	–0.18	–2.34

Sensex
India 16719.83
▼ **1.03% or 174.42**

Banking shares fell Friday on concerns about rising interest rates, while telecoms were hit by falling tariffs and increased competition. Bharti Airtel lost 1.9%.

Stock	Volume in millions	Close	Change Net	Change %
Tata Steel-A	**2.15**	563.20	–0.80	–0.14
Jaiprak Asso-A	**1.39**	147.30	–2.10	–1.41
Tata Motors-A	**1.17**	732.75	22.45	3.16
Reliance Com-A	**1.17**	171.70	–1.90	–1.09
Icici Bank-A	**1.07**	808.80	–16.65	–2.02

Hang Seng
Hong Kong 21175.88
▼ **0.80% or 171.75**

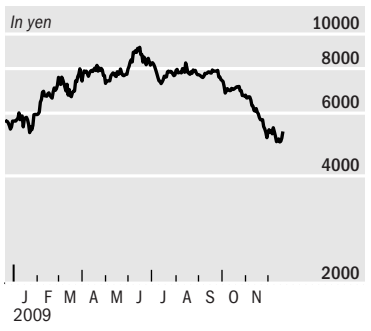
Mainland developers fell on those Chinese efforts to cool the market. Esprit rose 2.8% on a plan to buy out China Resources Enterprise's 51% stake in their China joint venture.

Stock	Volume in millions	Close	Change Net	Change %
Bank Of China	**460.96**	4.03	–0.01	–0.25
CCB	**324.72**	6.36	–0.09	–1.40
Icbc	**278.36**	6.20	–0.11	–1.74
ChinaPetroChem	**148.36**	6.66	0.02	0.30
PetroChina	**101.55**	9.19	–0.11	–1.18

Asian stocks in the news

Idemitsu Kosan
Japan ¥5,330
▲ **4.3% or ¥220**

The company is considering refining capacity cuts in Japan.

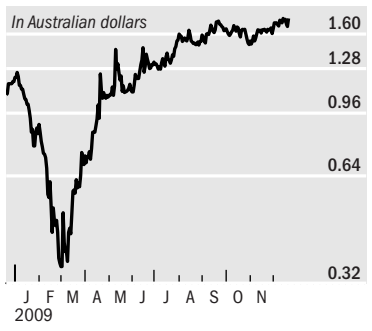


	Price-to-earnings ratio	25
	Earnings per share, past four quarters	212.50
	Dividend yield	2.8

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Oil & Gas	**-0.4%**	-1.9%	46.8%
Idemitsu Kosan	**4.3%**	6.2%	-7.1%

Asciano Group
Australia A$1.77
▲ **5.4% or A$0.09**

The port and rail operator won a contract with Xstrata to haul ore.

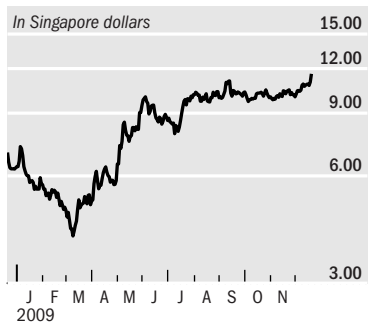


	Price-to-earnings ratio	none
	Earnings per share, past four quarters	-0.33
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.5%**	-1.3%	42.3%
Asciano Group	**5.4%**	...	63.8%

City Devs
Singapore S$11.60
▲ **5.5% or S$0.60**

The developer led gains among property stocks in late trading.



	Price-to-earnings ratio	21
	Earnings per share, past four quarters	0.55
	Dividend yield	0.6

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Travel & Leisure	**0.1%**	-0.5%	6.2%
City Devs	**5.5%**	7.6%	66.2%

IT Holdings
Japan ¥1,119
▲ **5.9% or ¥62**

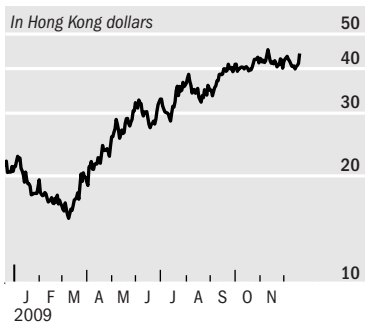
Shares climbed after the firm completed its bid to acquire a software developer.

	Price-to-earnings ratio	12
	Earnings per share, past four quarters	96.10
	Dividend yield	2.9

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**0.3%**	-0.7%	58.1%
IT Holdings	**5.9%**	8.4%	-12.0%

Wharf (Hldgs)
Hong Kong HK$44.10
▲ **6.7% or HK$2.75**

The stock traded at a 28-day high after rising 6.7% on Friday.

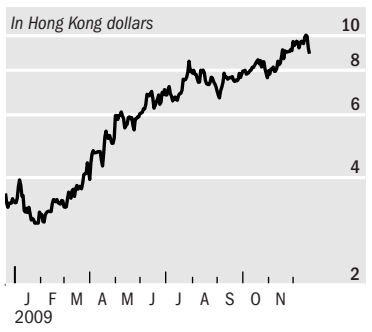


	Price-to-earnings ratio	25
	Earnings per share, past four quarters	1.75
	Dividend yield	1.8

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Indus Gds & Svcs	**-0.5%**	-1.3%	42.3%
Wharf (Hldgs)	**6.7%**	8.4%	107.0%

Belle Intl
Hong Kong HK$8.90
▼ **3.7% or HK$0.34**

Management staff sold over 253 million shares in the footwear maker at a discount.



	Price-to-earnings ratio	31
	Earnings per share, past four quarters	0.29
	Dividend yield	0.9

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Personal & Hshld Gds	**-0.5%**	-1.1%	19.7%
Belle Intl	**-3.7%**	-6.3%	146.5%

Sumitomo Mitsui Finl
Japan ¥2,840
▼ **4.9% or ¥145**

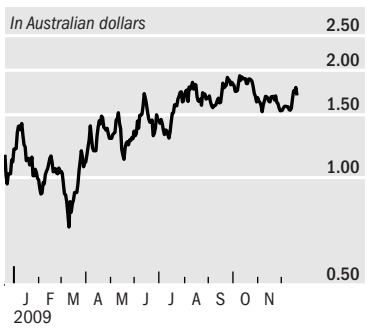
Banking stocks declined in Tokyo on profit-taking after recent gains.

	Price-to-earnings ratio	13
	Earnings per share, past four quarters	216.20
	Dividend yield	3.2

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Banks	**-0.8%**	-2.4%	25.5%
Sumitomo Mitsui Finl	**-4.9%**	4.8%	-27.4%

Alumina
Australia A$1.70
▼ **5.0% or A$0.09**

Materials shares suffered amid declines in commodity prices.



	Price-to-earnings ratio	18
	Earnings per share, past four quarters	0.09
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Basic Resources	**-1.0%**	-1.8%	61.8%
Alumina	**-5.0%**	8.6%	46.7%

Shimao Prop
Hong Kong HK$14.22
▼ **5.2% or HK$0.78**

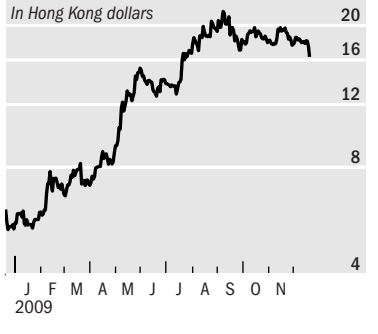
The stock fell after Beijing announced measures to curtail property price rises.

	Price-to-earnings ratio	38
	Earnings per share, past four quarters	0.38
	Dividend yield	1.6

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Real Estate	**-1.4%**	-3.1%	31.0%
Shimao Prop	**-5.2%**	-14.2%	130.5%

Alibaba.com
Hong Kong HK$16.32
▼ **6.8% or HK$1.20**

Shares slumped on Friday and have fallen 16% over the past month.



	Price-to-earnings ratio	76
	Earnings per share, past four quarters	0.22
	Dividend yield	none

	PERCENTAGE CHANGE Daily	1 wk.	52 wks
Technology	**0.3%**	-0.7%	58.1%
Alibaba.com	**-6.8%**	-9.4%	168.0%

BUSINESS & FINANCE

Novartis shifts focus to rare diseases

CEO Vasella sees value in niche drugs that can have broader uses

By Jeanne Whalen

Like most pharmaceutical companies' CEOs, Daniel Vasella, chairman and chief executive of Switzerland's **Novartis** AG, is facing a large cocktail of problems.

Insurers, governments and others who pay for health care—called "payers" in the industry lingo—are increasingly refusing to cover expensive new drugs that aren't substantially better than older, cheaper treatments. Regulators have become more safety conscious and less willing to approve new products for sale. And through a series of large mergers, pharmaceuticals giants have found bureaucracy creeping in and hampering their development of new drugs.

But there are still a number of opportunities, and Dr. Vasella says he is trying to reposition Novartis to capture them. Advances in genetics are making it more possible to decipher and fix the biological flaws that cause disease. And there are still plenty of difficult diseases that badly need treatments, such as Alzheimer's and multiple sclerosis.

"There are lots of areas where there is a very clear need" for innovation, he said in an interview.

Dr. Vasella became the head of Novartis when it was formed through the 1996 merger of Sandoz and Ciba-Geigy. Early in his career he was a physician in his native Switzerland, but he joined Sandoz when his wife's uncle was the company's chairman and rose quickly through the ranks. Dr. Vasella says he made the switch to business because he believed his work could benefit "not one or 100 but thousands" of patients.

Novartis is now one of the world's biggest drug companies, known for multibillion-dollar drugs such as Diovan for blood pressure and Gleevec for cancer.

Dr. Vasella has carried out a wide overhaul of Novartis's drug research in an effort to pump out better drugs. In 2002, he hired a genetics expert from Harvard—Mark Fishman—to run the company's research from a new set of labs in Cambridge, Mass. Their mantra: Focus on diseases that truly need treatments, and whose biological causes can be decoded and fixed.

There have been some initial signs of success, Dr. Vasella says. "We have increased substantially...the number of compounds in the pipeline, and the number of positive proof-of-concept trials in man," he says, referring to the small human studies that first show whether a drug is working.

The first drug to emerge from this new research approach was recently approved for sale in the U.S. Called Ilaris, it treats a rare inflammatory disease affecting only a few thousand people world-wide. Novartis focused on this disease because its genetic causes were clear, making it feasible to develop a drug. The same genetic triggers may underlie other inflammatory diseases, and Novartis is testing the drug in these disorders, as well.

"We've developed [the drug] in a very targeted way and are now expanding into additional areas," a model the company intends to employ with other drugs, too, Dr. Vasella says. But the jury is still out on whether the drug will work in other diseases. It's also still unclear how many other drugs from Dr. Fishman's labs will make it to market, because it can take 10 or more years to develop a new treatment.

Developing drugs for rare diseases—and attempting to expand them to larger ones with similar genetic triggers—marks a departure from the way Novartis used to develop drugs. In years past, Novartis and most drug makers tried to develop treatments for common diseases that offered a vast market of patients: hypertension, depression and cholesterol, for instance.

But that approach is faltering. Financially strapped payers increasingly compare a drug's cost to its clinical benefits.

This increases the pressure on drug makers to focus on diseases for which there are few treatments. Novartis in coming weeks plans to request regulatory approval for a new drug for multiple sclerosis, a disease that badly needs new treatments. Novartis's drug, called FTY-720, would have an advantage over existing drugs because it is a pill that can be taken orally.

Novartis hasn't completely stopped developing drugs for common ailments. Last year, it began selling Tekturna for hypertension, a disease for which there are already many effective generic drugs. Dr. Vasella says Novartis is working on clinical studies that it hopes will show Tekturna has benefits beyond what older therapies can offer.

Bloomberg News

Novartis CEO Daniel Vasella is focusing on diseases with a clear need for drugs.

Issued by various HSBC Group members which are regulated in jurisdictions where permitted, including The Hongkong and Shanghai Banking Corporation Limited, incorporated in the Hong Kong Special Administrative Region with limited liability, in Hong Kong SAR, Brunei, Indonesia, Macau SAR, the Philippines, and Thailand, HSBC Bank Malaysia Berhad (Company No. 127776-V) in Malaysia and HSBC Bank (Vietnam) Ltd. in Vietnam. HSBC Bank (China) Company Limited in China is one of HSBC Group members. Offer of certain products and services, benefits and features may be subject to local availability and/or local regulatory restrictions.

Keep pace with the world.
Tap into China's opportunities with our RMB services.

For over 140 years, HSBC has been at the forefront of Asia's growth. Now we're leading the way again with RMB trade settlement services that are helping businesses across the region grasp new opportunities in the vibrant China market. HSBC has become the first international bank to conduct RMB denominated trade settlements in Hong Kong and across all its ASEAN sites under the RMB trade settlement pilot scheme. And to further support our customers with corporate and personal needs in renminbi, we also offer a wide range of RMB services in Hong Kong, including RMB deposits, exchange, remittance, trade services and bonds. At HSBC, we're committed to delivering services that help you keep pace with the world wherever you are.

For more information, please visit www.hsbc.com or contact any local HSBC office.

HSBC
The world's local bank

Published by Dow Jones Publishing Company (Asia), Printed in Hong Kong by SuperFlag Advertising and Communication Limited, 8 Chun Ying Street, NT. Printed in Indonesia by PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270. Printed in Japan by Yomiuri Shimbun, 1-7-1, Otemachi, Chiyoda-ku, Tokyo 100-8055. Printed in Korea by JoongAng Ilbo, 7, Soonwha-Dong, Chung-Ku, Seoul 100-130. 1997 June 04 Registration no.: SeoulKA00020 (Daily Newspaper). Publisher/Editor/Printer: Song, PilHo. Printed in Malaysia by KHL Printing Co. Sdn. Bhd. (ROC No: 235060-A) Lot 10 & 12, Jalan Modal 23/2, Seksyen 23 Kawasan Miel Phase 8, 40000 Shah Alam, Selangor, Malaysia. Printed in Philippines by FEP Printing Corporation, 381-7 Mascardo St., Corner Metropolitan Ave., Pasong Tamo, Makati City. Printed in Singapore by KHL Printing Co. Pte Ltd., 57 Loyang Drive, Singapore 508968. Printed and distributed in Taiwan by The China Post, 8 Fu Shun Street, Taipei 104. Printed in Thailand by Nation Multimedia Group Public Co., Ltd., 1854 Bangna-Trad Road, (K.M. 4.5), Prakanong, Bangkok 10260. Published and printed on behalf of the Wall Street Journal India Publishing Pvt. Ltd. 517B World Trade Centre, Barakhamba Lane, New Delhi 110001 by Mr Suman Dubey at A-8 Sector 7, Gautam Budh Nagar, Noida 201301 and PLOT No.EL208, TTC Industrial Area, Mahape, Navi Mumbai - 400710 (Maharashtra), India. Editor: Suman Dubey, phone: +91-1164620215. ACP no. F-2 (1/3) Press / 2009 FACSIMILE EDITION.